

**\$141,000,000**  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2000, SERIES 2005**

*Delivered August 31, 2005*

List of Transcript Documents

<u>Tab No.</u>	<u>Document</u>
1.	Resolution No. 0405-0160 of the State Administrator of the Oakland Unified School District, adopted June 8, 2005, certified as of the date of closing.
2.	Resolution No. R-2005-279 of the Board of Supervisors of the County of Alameda, adopted June 28, 2005, certified as of the date of closing.
3.	Preliminary Official Statement, dated August 16, 2005.
4.	Certificate as to Finality of Preliminary Official Statement.
5.	Official Notice of Sale, dated August 16, 2005, together with bid form.
6.	Affidavit of proof of publication on August 16, 2005, of Notice of Intention to Sell Bonds in <u>The Bond Buyer</u> .
7.	Certificate of Award of Treasurer of the County of Alameda, dated August 23, 2005, with Bid of Citigroup Global Markets Inc. and surety bond securing good faith deposit.
8.	Official Statement, dated August 23, 2005.
9.	Certificate of District as to Official Statement.
10.	Certificate of County Treasurer as to Official Statement.
11.	Continuing Disclosure Certificate.
12.	Acknowledgement of Continuing Disclosure Obligations.
13.	Original advice of rating by Standard & Poor's Ratings Services and Moody's Investors Service, and advice of rating of insured bonds by Standard & Poor's Ratings Services and Moody's Investors Service.
14.	California Debt and Investment Advisory Commission Reports (preliminary and final).
15.	Debt Capacity Certificate of the County.

<u>Tab No.</u>	<u>Document</u>
16.	Debt Capacity Certificate of the District.
17.	Receipt for Purchase Price.
18.	Tax Certificate, with Exhibits. <ul style="list-style-type: none"> <li>A. Reoffering Price Certificate of the Underwriter</li> <li>B. Certificate of Issuer</li> <li>C. Certificate of Insurer.</li> </ul>
19.	I.R.S. Form 8038-G.
20.	Signature Certificate.
21.	No-Litigation Certificate.
22.	Specimen Bond.
23.	Table of CUSIP Identification Numbers.
24.	Direction to Registrar to Authenticate Bonds.
25.	Certificate of U.S. Bank National Association, as Paying Agent, together with evidence of signing authority of Paying Agent.
26.	Receipt for Bonds.
27.	Blanket Letter of Representations of District to The Depository Trust Company.
28.	Municipal Bond Insurance Policy issued by MBIA (Bond Insurer).
29.	Opinion of Counsel to Bond Insurer.
30.	Final Legal Opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel.
31.	Interested Parties List.
32.	Written Order of the District Regarding Costs of Issuance.
33.	Purchaser's Certificate Regarding Costs of Issuance.
34.	Paying Agent's Certificate Regarding Costs of Issuance.
35.	Certificate of the Insurer Regarding the Official Statement.

CERTIFICATE OF THE SECRETARY TO THE BOARD OF EDUCATION AND  
STATE ADMINISTRATOR OF THE OAKLAND UNIFIED SCHOOL DISTRICT  
(County of Alameda, California)

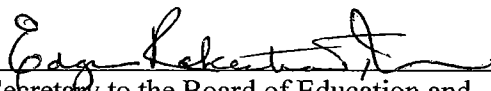
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I, Edgar Rakestraw, Jr., Secretary to the Board of Education and State Administrator of the Oakland Unified School District, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at the meeting of the State Administrator of the Oakland Unified School District, duly and regularly held on June 8, 2005, and entered into the minutes thereof, at which meeting the State Administrator was present.

I have carefully compared the attached copy with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this day,  
August 31, 2005.

  
Secretary to the Board of Education and  
State Administrator of the Oakland Unified  
School District

**RESOLUTION  
OF THE  
STATE ADMINISTRATOR  
OF THE  
OAKLAND UNIFIED SCHOOL DISTRICT  
COUNTY OF ALAMEDA, STATE OF CALIFORNIA**

**Res. No. 0405-0160**

RESOLUTION PRESCRIBING THE TERMS OF SALE OF BONDS OF OAKLAND UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA TO ISSUE AND SELL NOT TO EXCEED \$141,000,000 OF SAID BONDS, APPROVING THE FORM OF AND AUTHORIZING DISTRIBUTION AND PUBLICATION OF AN OFFICIAL NOTICE OF SALE, AND A NOTICE OF INTENTION TO SELL BONDS, REQUESTING SAID BOARD OF SUPERVISORS TO DELEGATE TO THE COUNTY TREASURER-TAX COLLECTOR OR HIS DESIGNEE AUTHORIZATION TO AWARD BID FOR SAID BONDS, AND AUTHORIZING EXECUTION OF NECESSARY CERTIFICATES RELATING TO SAID BONDS.

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WHEREAS, an election was duly called and regularly held in the Oakland Unified School District, County of Alameda, California (herein called the "District"), on March 7, 2000, pursuant to Section 15100 and following of the Education Code of the State of California, at which the following proposition was submitted to the electors of the District:

"To relieve overcrowding in Oakland's neighborhood schools and improve educational facilities for children, through projects such as constructing new schools; renovating classrooms and bathrooms; replacing electrical, plumbing, heating and ventilation systems; upgrading science labs and libraries; restoring arts/music rooms; and replacing deteriorating portable classrooms; shall Oakland Unified School District issue \$303,000,000 in bonds at authorized interest rates for acquisition and improvement of land and facilities, and appoint a citizens' oversight committee to guarantee funds are spent accordingly?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, \$61,999,893.25 aggregate principal amount of said bonds have heretofore been issued and sold as a portion of the bonds designated as "Oakland Unified School District General Obligation Bonds, Series 2001"; and

WHEREAS, \$100,000,000 aggregate principal amount of said bonds, designated "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2002" have heretofore been issued and sold; and

WHEREAS, I, Randolph E. Ward, Ed.D., the administrator of the District duly appointed by the State Superintendent of Public Instruction pursuant to Article 2.5 of Chapter 3 of Part 24 of Division 3 of the Education Code of the State of California (Sections 41325, *et. seq.*) (the "State Administrator"), deem it necessary and desirable that the Board of Supervisors of the County of Alameda (the "County") shall authorize and consummate the sale and issuance of a portion of said bonds in a single series designated the "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" in an aggregate principal amount not exceeding \$141,000,000, according to the terms and in the manner hereinafter set forth; and

WHEREAS, the State Administrator further deems it necessary and desirable to authorize the sale of said bonds by a competitive sale to the responsible bidder who makes the lowest interest cost bid; and

WHEREAS, there have been submitted and are on file with the Secretary of the Board of Education and State Administrator proposed forms of an Official Notice of Sale of Bonds and a Notice of Intention to Sell Bonds, all with respect to not to exceed \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005, proposed to be sold;

NOW, THEREFORE, THE STATE ADMINISTRATOR OF OAKLAND UNIFIED SCHOOL DISTRICT DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1.      Recitals: All of the above recitals are true and correct.

Section 2.      Request for Sale of Bonds; County Resolution; Certificate of Award:  
The Board of Supervisors of the County (the "Board of Supervisors") is hereby requested, pursuant to Section 15140 and following of the Education Code of the State of California, to sell not later than December 31, 2005, by competitive sale to the responsible bidder who makes the lowest interest cost bid, not to exceed \$141,000,000 aggregate principal amount of bonds of the Oakland Unified School District, and to designate said bonds as the "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (herein called the "Series 2005 Bonds" or the "Bonds"). The Series 2005 Bonds shall be issued as current interest Bonds, as provided in Section 3 hereof.

The Board of Supervisors is hereby requested to provide by resolution (the "County Resolution") for the terms of the sale and issuance of the bonds in accordance with the particular terms and manner set forth herein and, with respect to such necessary or desirable terms as are not specified herein, as the Board of Supervisors shall otherwise see fit to determine. With respect to such necessary or desirable terms as are not finally determined by the County Resolution, the Board of Supervisors is hereby requested to provide for an Official Notice of Sale (as defined in Section 5 hereof) describing such terms to be completed and circulated prior to the sale of the Series 2005 Bonds, and a Certificate of Award (the "Certificate of Award") to be completed upon the sale of the Series 2005 Bonds, in which any such terms of the Series 2005 Bonds shall be finally determined.

The Board of Supervisors, or such officer or officers of the County as shall be authorized by the County Resolution to consummate the transactions contemplated herein, including by completing and executing the Official Notice of Sale and the Certificate of Award, is hereby requested to establish said terms of the Series 2005 Bonds upon consultation with the State Administrator of the District or such other officer of the District designated for the purpose (each an "Authorized District Representative").

Section 3. Terms of Bonds: (a) Date of Bonds. The Series 2005 Bonds shall be dated as of the date of their delivery, or such other date as shall be specified in the Certificate of Award.

(b) Denominations. The Series 2005 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Series 2005 Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be specified in the Certificate of Award. No Series 2005 Bond shall mature prior to August 1, 2006, and no Series 2005 Bond shall mature later than the date which is 25 years from the date of the Series 2005 Bonds, to be determined as provided in subsection (a) of this Section. No Series 2005 Bond shall have principal maturing on more than one principal maturity date.

(d) Interest Payment. The Series 2005 Bonds shall bear interest at an interest rate not to exceed 12.00% per annum, computed on the basis of a 360-day year of twelve 30-day months, payable on February 1 and August 1 in each year, commencing February 1, 2006 (or on such other initial and semiannual interest payment dates as shall be specified in the Certificate of Award).

(e) Obligation. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Series 2005 Bonds in such year, and to pay from such taxes all amounts due on the Series 2005 Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to redeem the Series 2005 Bonds, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due.

Section 4. Redemption Provisions: The Series 2005 Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as shall be specified in the Certificate of Award. The Series 2005 Bonds shall also be subject to mandatory sinking fund redemption, as shall be specified in the Certificate of Award. The Board of Supervisors may provide that the Series 2005 Bonds shall not be subject to optional or mandatory redemption.

Section 5. Official Notice of Sale: The Official Notice of Sale inviting bids for the Bonds, in substantially the form on file with the Secretary of the Board of Education and State Administrator, is hereby approved, and the Board of Supervisors is hereby requested to adopt and use said form as the Official Notice of Sale inviting bids for the Bonds, subject to such corrections, revisions or additions as deemed necessary by the Authorized District Representative and as may be acceptable to the County. The Authorized District Representative is hereby authorized and directed to sign said Official Notice of Sale in its final form on behalf of the District. Kelling, Northcross &

Nobriga, Oakland, California (herein called the "Financial Advisor"), is hereby authorized and directed to cause to be mailed to prospective bidders for the Bonds (including by posting to an appropriate Internet website which shall be accessible to interested bidders) copies of said Official Notice of Sale in the form finally approved by the Authorized District Representative and by the County.

Section 6. Sale of Bonds: (a) Advertisement for Bids. The form of proposed Notice of Intention to Sell Bonds, in substantially the form on file with the Secretary of the Board of Education and State Administrator, is hereby approved, and the Board of Supervisors is hereby requested to adopt said form of proposed Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as deemed necessary by the Authorized District Representative and as may be acceptable to the County, and to cause said Notice of Intention to Sell Bonds to be published once at least 5 days before the date of sale in a financial publication generally circulated throughout the State of California or which the Financial Advisor advises is expected to be disseminated among prospective bidders for the Series 2005 Bonds.

(b) Award of Bonds. The Board of Supervisors is hereby requested to authorize and direct the Treasurer-Tax Collector of the County (the "County Treasurer"), on behalf of the District and the County, to accept the lowest true interest cost bid for the Series 2005 Bonds, provided that (i) such true interest cost shall be no greater than 8.0%, calculated as specified in the Official Notice of Sale, (ii) the maximum interest rate on the Series 2005 Bonds shall not be in excess of 12.00% per annum; and (iii) the price to be paid for the Series 2005 Bonds shall not be less than the principal amount thereof, plus accrued interest, if any, to the date of delivery, and (iv) the bidder has agreed to pay specified costs of issuance of the Series 2005 Bonds on behalf of the District, in such type and amount as shall be determined and set forth in the Official Notice of Sale and bid form. If such true interest cost and price are acceptable to the County Treasurer, the County Treasurer or his designee, acting at the direction of the Board of Supervisors, is hereby authorized to award the sale of the Series 2005 Bonds to the maker of the best responsive bid; if no bid is acceptable, the County Treasurer is requested to reject all bids and to re-bid the Series 2005 Bonds or, if necessary, to sell the Series 2005 Bonds by negotiated sale as permitted by law, upon terms and conditions otherwise in conformity with the limitations contained in this Resolution.

Section 7. Investment of Proceeds. (a) The proceeds of sale of the Series 2005 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the building fund of the District. Any premium and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury.

(b) Proceeds of the Series 2005 Bonds held by the County Treasurer shall be invested at the County Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District, pursuant to Section 53601 of the California Government Code.

(i) At the written direction of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may also be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written direction of the District, given by the Authorized District Representative, who is hereby expressly authorized to give such direction, all or any portion of the building fund of the District may also be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Series 2005 Bonds necessary in order to maintain the then-current rating on the Series 2005 Bonds.

Section 8. Tax Covenants: (a) General. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2005 Bonds under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2005 Bonds (the "Tax Certificate"), to be entered into by the District on the date of issuance of the Series 2005 Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Series 2005 Bonds.

(b) Yield Restriction. In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the County Treasurer on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the County Treasurer in writing, and the District shall make its best efforts to ensure that the County Treasurer shall take such action as may be necessary in accordance with such instructions.

(c) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the County Treasurer an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds (an "Opinion of Bond Counsel") that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2005 Bonds, the County Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 9. Continuing Disclosure: The Authorized District Representative, or the designee thereof, is hereby authorized on behalf of the District to execute a Continuing Disclosure Certificate in substantially the form attached hereto as Exhibit A, with such changes thereto as deemed necessary in order to permit the purchaser of the Bonds to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate as finally executed and delivered.

Section 10. Approval of Actions: The State Administrator, the Secretary of the Board of Education and State Administrator, the Associate Superintendent – Fiscal Services Division of the District, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Series 2005 Bonds, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, non-litigation certificates, certificates concerning the contents of an official statement relating to the Bonds, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Series 2005 Bonds, and to



enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, and any other agreements, letters, representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein.

Section 11. Notice to California Debt and Investment Advisory Commission:  
The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Series 2005 Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855(g).

Section 12. Filing with Board of Supervisors: The Secretary of the Board of Education and State Administrator is hereby authorized and directed to file a certified copy of this Resolution upon the adoption hereof with the Clerk of the Board of Supervisors.

Section 13. Effective Date: This resolution shall take effect from and after its adoption.

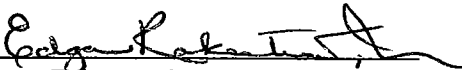
I hereby certify that the foregoing is a full, true and correct copy of a Resolution adopted at a regular meeting of the State Administrator and/or the Board of Education of the Oakland Unified School District held June 8, 2005.

APPROVED:



\_\_\_\_\_  
Randolph E. Ward, Ed.D  
State Administrator  
Oakland Unified School District

Attest:



\_\_\_\_\_  
Edgar Rakestraw, Jr.  
Secretary, Board of Education and  
State Administrator of the  
Oakland Unified School District

**Legislative File**

File ID No 05-0683  
Introduction Date 6/8/05  
Enactment No 05-0624  
Enactment Date 6/8/05  
By [Signature]

## EXHIBIT A

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Oakland Unified School District (the "District") in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Alameda (the "County") on June 28, 2005, at the request of the State Administrator of the District by its resolution adopted on June 8, 2005. 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 ("S.E.C.") Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which 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 the District, 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) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth at <http://www.sec.gov/info/municipal/nrmsir.htm>.

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

"Repository" shall mean each National Repository and the State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission, as listed at <http://www.sec.gov/info/municipal/nrmsir.htm>.

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 (currently ending June 30), commencing with the report for the 2004-2005 Fiscal Year (which is due not later than April 1, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which 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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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.
- \* 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 included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Optional, uncheduled or contingent Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the S.E.C. shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of

the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any 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 the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or 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 either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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(c), 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S.

District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. 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: \_\_\_\_\_.

OAKLAND UNIFIED SCHOOL DISTRICT

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of District: OAKLAND UNIFIED SCHOOL DISTRICT  
Name of Bond Issue: OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION  
BONDS, ELECTION OF 2000, SERIES 2005  
Date of Issuance: \_\_\_\_\_

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 no later than \_\_\_\_\_.]

Dated: \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT

\_\_\_\_\_  
[to be signed only if filed]



SECRETARY'S CERTIFICATE

I, Edgar Rakestraw, Jr., Secretary, Board of Education and State Administrator of the Oakland Unified School District, County of Alameda, California, do hereby certify as follows:


The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the State Administrator and/or the Board of Education of said District duly and regularly held at the regular meeting place thereof on June 8, 2005, and entered in the minutes thereof, at which meeting the State Administrator was present; and at said meeting said resolution was adopted by the State Administrator.

An agenda of said meeting was posted at least 72 hours before said meeting at 1025 Second Avenue, Oakland, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Pursuant to Section 13 of said resolution, I have caused a certified copy thereof to be filed with the Clerk of the Board of Supervisors of the County.

WITNESS my hand this 10th day of June, 2005.



Edgar Rakestraw, Jr.  
Secretary, Board of Education and State Administrator  
of the Oakland Unified School District

**Legislative File**

File ID No 05-0683  
Introduction Date 6/8/05  
Enactment No. 05-0624  
Enactment Date 6/8/05  
By [Signature]

CERTIFICATE OF CLERK OF THE BOARD OF SUPERVISORS  
COUNTY OF ALAMEDA

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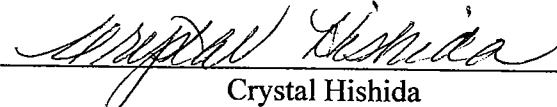
I, Crystal Hishida, Clerk of the Board of Supervisors of the County of Alameda, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at the meeting of the Board of Supervisors of the County of Alameda duly and regularly held on June 28, 2005, and entered in the minutes thereof, of which meeting all of the members of said Board had due notice, and at which a quorum of said Board was present.

An agenda of said meeting was posted at least 72 hours before said meeting at 1221 Oak Street, Oakland, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the attached copy with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate this day, August 31, 2005.

  
\_\_\_\_\_  
Crystal Hishida  
Clerk of the Board of Supervisors  
County of Alameda

Dated: 6/28/05

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS OF THE OAKLAND UNIFIED SCHOOL DISTRICT, PRESCRIBING THE TERMS OF SALE OF NOT TO EXCEED \$141,000,000 OF SAID BONDS, APPROVING FORMS OF AND AUTHORIZING DISTRIBUTION OF OFFICIAL NOTICE OF SALE AND NOTICE OF INTENTION TO SELL BONDS, DELEGATING TO THE COUNTY TREASURER-TAX COLLECTOR AUTHORIZATION TO AWARD BID FOR SAID BONDS, AND AUTHORIZING EXECUTION OF NECESSARY CERTIFICATES.

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WHEREAS, an election was duly called and regularly held in the Oakland Unified School District, County of Alameda, California (herein called the "District"), on March 7, 2000, pursuant to Section 15100 and following of the Education Code of the State of California, at which the following proposition was submitted to the electors of the District:

"To relieve overcrowding in Oakland's neighborhood schools and improve educational facilities for children, through projects such as constructing new schools; renovating classrooms and bathrooms; replacing electrical, plumbing, heating and ventilation systems; upgrading science labs and libraries; restoring arts/music rooms; and replacing deteriorating portable classrooms; shall Oakland Unified School District issue \$303,000,000 in bonds at authorized interest rates for acquisition and improvement of land and facilities, and appoint a citizens' oversight committee to guarantee funds are spent accordingly?"

and

WHEREAS, at two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, \$61,999,893.25 aggregate principal amount of said bonds have heretofore been issued and sold as a portion of the bonds designated as "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2001"; and

WHEREAS, \$100,000,000 aggregate principal amount of said bonds, designated "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2002" have heretofore been issued and sold; and

WHEREAS, pursuant to Education Code Section 15140 and following, the State Administrator of the District has requested this Board of Supervisors of the County of Alameda (the "County") to authorize and consummate the sale and issuance of a portion of said bonds in a single series designated the "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" in an aggregate principal amount not exceeding \$141,000,000, according to the terms and in the manner set forth in a resolution duly adopted by the State Administrator of the District

on June 8, 2005, a certified copy of which has been filed with the Clerk of this Board of Supervisors; and

WHEREAS, the State Administrator of the District has further deemed it necessary and desirable that this Board of Supervisors authorize the sale of said bonds by a competitive sale to the responsible bidder who makes the lowest interest cost bid; and

WHEREAS, this Board of Supervisors has determined that it is necessary and desirable that bonds of said authorized issue be issued and sold for the purposes for which authorized and on the terms and conditions and in the manner set forth in said resolution of the State Administrator of the District; and

WHEREAS, there have been submitted and are on file with the Clerk of this Board of Supervisors proposed forms of an Official Notice of Sale of Bonds and a Notice of Intention to Sell Bonds, with respect to not to exceed \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005, proposed to be sold;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA AS FOLLOWS:

Section 1.      Recitals: All of the above recitals are true and correct.

Section 2.      District Resolution Received: This Board of Supervisors hereby acknowledges receipt of the Resolution of the State Administrator of the District adopted on June 8, 2005.

Section 3.      Authorization and Designation of Bonds: Pursuant to Education Code Section 15140 and following, this Board of Supervisors hereby authorizes, on behalf of the Oakland Unified School District, the sale of not to exceed \$141,000,000 aggregate principal amount of bonds of the District by competitive sale to the responsible bidder who makes the lowest interest cost bid, and designates said bonds to be issued and sold as the "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (the "Series 2005 Bonds" or the "Bonds"). The Series 2005 Bonds shall be issued as current interest Bonds, as provided in Section 5 hereof.

The Series 2005 Bonds shall be issued and sold as provided herein, and any necessary or desirable terms as are not finally determined herein shall be fixed upon the sale of the Bonds by the Treasurer-Tax Collector of the County (the "County Treasurer") as recited in the Certificate of Award described in Section 12(c) hereof (the "Certificate of Award").

Section 4.      Form of Bonds; Execution: (a) Book-Entry. The Depository Trust Company, New York, New York, is hereby appointed depository for the Series 2005 Bonds. The Series 2005 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and registered ownership of the Series 2005 Bonds may not thereafter be transferred except as provided in Section 9 hereof. One bond certificate shall be issued for each maturity of the Series 2005 Bonds; provided that if different CUSIP numbers are assigned to Bonds maturing in a single year, additional Bond certificates shall be prepared for each such maturity.

(b) Form of Certificates. The Series 2005 Bonds shall be issued in fully registered form without coupons. The Series 2005 Bonds and the Paying Agent's certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution; provided, that if a portion of the text of any Series 2005 Bond is printed on the reverse of the Series 2005 Bond, the following legend shall be printed on the face of such Series 2005 Bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE."

(c) Execution of Bonds. The Series 2005 Bonds shall be signed by the manual or facsimile signatures of the Chair of this Board of Supervisors and of the County Treasurer, and countersigned by the manual or facsimile signature of the Clerk of this Board of Supervisors or by a deputy either of said Clerk or of the County Treasurer. The Series 2005 Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent (as defined in Section 8(a) hereof).

(d) Valid Authentication. Only such of the Series 2005 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (b), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Series 2005 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(e) Identifying Number. The Paying Agent shall assign each Series 2005 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

Section 5. Terms of Bonds: (a) Date of Bonds. The Series 2005 Bonds shall be dated as of the date of their delivery, or such other date as shall be specified in the Certificate of Award.

(b) Denominations. The Series 2005 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

(c) Maturity. The Series 2005 Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be specified in the Certificate of Award. No Series 2005 Bond shall mature prior to August 1, 2006, and no Series 2005 Bond shall mature later than the date which is 25 years from the date of the Bonds, to be determined as provided in subsection (a) of this Section. No Series 2005 Bond shall have principal maturing on more than one principal maturity date.

(d) Interest. As used in this Resolution and in the Bonds, the terms "interest payment date," and "interest date" shall be interchangeable, and shall mean February 1 and August 1 of each year, or such other dates as shall be specified in the Certificate of Award.

The Series 2005 Bonds shall bear interest at an interest rate not to exceed 12.00% per annum, payable on February 1 and August 1 in each year, commencing February 1, 2006 (or on such other initial and semiannual interest payment dates as shall be specified in the Certificate of Award), computed on the basis of a 360-day year of twelve 30-day months. Each Series 2005 Bond authenticated and registered on any date prior to the close of business on the first Record Date (as defined in Section 6(b)) shall bear interest from the date of said Series 2005 Bond. Each Series 2005 Bond authenticated during the period between a Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Series 2005 Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Series 2005 Bond, interest is in default on any outstanding Series 2005 Bonds, such Series 2005 Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Series 2005 Bonds.

Section 6. Payment: (a) Principal. The principal of the Series 2005 Bonds shall be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent (as described in Section 8(c) hereof) as the registered owner thereof (the "Owner"), upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(b) Interest; Record Date. The interest on the Series 2005 Bonds shall be payable in lawful money of the United States of America to the Owner thereof as of the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such interest payment date (if a business day, or on the next business day if the interest payment date does not fall on a business day) to such Owner at such Owner's address as it appears on the bond registration books described in Section 8(c) or at such address as the Owner may have filed with the Paying Agent for that purpose; except that the payment shall be made in immediately available funds (e.g., by wire transfer) to any Owner of at least \$1,000,000 of outstanding Series 2005 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any interest payment date. So long as Cede & Co. or its registered assigns shall be the Owner of the Series 2005 Bonds, payment shall be made in immediately available funds as provided in Section 9(d) hereof.

(c) Interest and Sinking Fund: Principal and interest due on the Series 2005 Bonds shall be paid from the interest and sinking fund of the District as provided in Section 15146 of the Education Code of the State of California.

Section 7. Redemption Provisions: (a) Optional Redemption. The Series 2005 Bonds shall be subject to redemption at the option of the District on the dates and terms provided herein, or on such other dates and terms as shall be specified in the Certificate of Award. The Certificate of Award may provide that the Series 2005 Bonds shall not be subject to optional redemption.

Unless otherwise specified in the Certificate of Award, the Series 2005 Bonds shall be subject to optional redemption as follows: Series 2005 Bonds maturing on or before August 1, 2015, shall not be subject to redemption prior to their respective stated maturity dates. The Series 2005 Bonds maturing in each year beginning August 1, 2016, shall be subject to redemption prior to

their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2015. Unless otherwise specified in the Certificate of Award, the Series 2005 Bonds redeemed at the option of the District shall be redeemed at a price equal to the principal amount of the Bonds called for redemption on the redemption date, plus accrued interest to the date thereof. If less than all of the Series 2005 Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Series 2005 Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

The "redemption date" is that date on which the Bonds which are called are to be presented for redemption.

(b) Mandatory Sinking Fund Redemption. The Series 2005 Bonds, if any, which are designated (at the option of the purchaser thereof) in the Certificate of Award as Series 2005 Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Certificate of Award. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Series 2005 Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Certificate of Award may provide that the Series 2005 Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller of the County is hereby authorized to create such sinking funds or accounts for the Series 2005 Bonds as shall be necessary to accomplish the purposes of this section.

(c) Notice of Redemption. Notice of optional, unscheduled or contingent redemption of any Series 2005 Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any such redemption of Series 2005 Bonds shall be mailed postage prepaid, not less than 30 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 described in Section 8(c), (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 15.

Each notice of redemption shall 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;
- (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 principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Bonds will not accrue after the designated redemption date.

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Series 2005 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (f) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall 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 shall 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 shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the interest and sinking fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) Right to Rescind Notice. 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 shall 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 shall 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 shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(f) Redemption Fund. Prior to or on the redemption date of any Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as



provided by law, moneys for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Bonds designated in said notice of redemption. Such moneys so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all moneys in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and sinking fund of the District, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Bonds, said moneys shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from said fund; provided, however, that if said moneys are part of the proceeds of bonds of the District, said moneys shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, said moneys shall be transferred to the general fund of the District as provided and permitted by law.

(g) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of such Bonds, as provided in Section 11 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by 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 the provisions of subsection (h) hereof shall apply in all events.

For purposes of this section, 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, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(h) Unclaimed Moneys. Any money held in any fund created pursuant to this Resolution, or 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) shall 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 shall be transferred to the general fund of the District as provided and permitted by law.

Section 8. Paying Agent: (a) Appointment. U.S. Bank National Association, in San Francisco, California, is hereby appointed the initial Paying Agent for the Series 2005 Bonds (the "Paying Agent").

(b) Principal Corporate Trust Office. Unless otherwise specifically noted, any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Series 2005 Bonds shall initially mean in care of the corporate trust office of U.S. Bank National Association, in St. Paul, Minnesota, and for all other purposes shall mean the corporate trust office of the Paying Agent in Los Angeles, California; provided, however, that in any case "principal corporate trust office" shall mean any other office of the Paying Agent designated for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

(c) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said books, Bonds as provided in Section 13 hereof.

(d) Payment of Fees and Expenses. The fees and expenses of the Paying Agent not paid from the proceeds of sale of the Bonds shall be paid in each year from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the Education Code of the State of California.

(e) Replacement or Resignation of Paying Agent. If, at any time, the County shall determine to replace the Paying Agent then acting hereunder, or if the Paying Agent shall submit its resignation, then the County Treasurer shall, in his or her sole discretion, immediately appoint a successor paying agent to act as Paying Agent hereunder; provided that, if an immediate successor cannot be found, then the replacement or resignation of the Paying Agent shall not take effect for a period of 30 days, unless the County Treasurer shall agree to act as paying agent hereunder until such successor paying agent is able to assume the duties of Paying Agent hereunder.

Section 9. Transfer Under Book-Entry System; Discontinuation of Book-Entry System: (a) The Series 2005 Bonds shall be initially issued and registered as provided in Section 4. Registered ownership of such Series 2005 Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for The Depository Trust Company (or its successor) because The Depository

Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this section, upon receipt of the outstanding Series 2005 Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series 2005 Bond for each maturity shall be executed and delivered in the aggregate principal amount of the Series 2005 Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2005 Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series 2005 Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 5 and the receipt of such a written request of the District or County, and thereafter, the Series 2005 Bonds shall be transferred pursuant to the provisions set forth in Section 10 of this resolution; provided, that the Paying Agent shall not be required to deliver such new Series 2005 Bonds within a period of fewer than 60 days after the receipt of any such written request of the District or County.

(c) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2005 Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series 2005 Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Series 2005 Bonds.

(d) So long as the outstanding Series 2005 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns in effecting payment of the principal of and interest on the Series 2005 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

Section 10. Transfer and Exchange: (a) Transfer. Following the termination or removal of the depository pursuant to Section 9 hereof, any Series 2005 Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of

Section 8(c) hereof, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2005 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2005 Bond or Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series 2005 Bond or Bonds of the same maturity, interest payment mode and interest rate, for a like aggregate principal amount. The Paying Agent may require the payment by any Owner of Series 2005 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2005 Bond shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Series 2005 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

(b) Exchange. The Series 2005 Bonds may be exchanged for Series 2005 Bonds of other authorized denominations of the same maturity, interest payment mode and interest rate, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2005 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2005 Bond or Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series 2005 Bond or Bonds of the same maturity, interest payment mode and interest rate, for a like aggregate principal amount. The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2005 Bonds shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Series 2005 Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

Section 11. Obligation to Levy Taxes to Pay Bonds: The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2005 Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the interest and sinking fund of the District, and the Board of Supervisors of the County hereby covenants to levy ad valorem taxes for the payment of the Series 2005 Bonds on all property in the District subject to taxation by the County without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

Section 12. Sale of Bonds: (a) Official Notice of Sale; Date of Sale. The Official Notice of Sale inviting bids for the Series 2005 Bonds, in substantially the form on file with the

Clerk of this Board of Supervisors, is hereby approved, and the County Treasurer is hereby authorized and directed to cause the Official Notice of Sale to be completed, upon consultation with the District and Kelling, Northcross & Nobriga, Oakland, California, financial advisor to the District with respect to the Series 2005 Bonds (herein called the "Financial Advisor"), by inserting therein the maturity schedules for the Series 2005 Bonds, and making such other corrections, revisions or additions as shall be deemed necessary. The County Treasurer is hereby authorized and directed to sign said Official Notice of Sale in its final form. The Financial Advisor is hereby authorized and directed to cause to be mailed to prospective bidders for the Bonds (including by posting to an appropriate Internet website which shall be accessible to interested bidders) copies of said Official Notice of Sale in the form finally approved by the District and the County.

Bids for the Series 2005 Bonds shall be received on behalf of this Board of Supervisors on July 27, 2005 (or on such other date as shall be determined by the County Treasurer, so long as such date is not later than December 31, 2005), at the hour and place designated in said Official Notice of Sale.

(b) Advertisement for Bids. The Notice of Intention to Sell Bonds, in substantially the form on file with the Clerk of this Board of Supervisors, is hereby approved, and the Clerk of this Board of Supervisors is hereby authorized and directed to cause the Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions thereto as shall be deemed necessary upon consultation with the District, to be published once at least 5 days before the date of sale in a financial publication generally circulated throughout the State of California or which the Financial Advisor advises is expected to be disseminated among prospective bidders for the Bonds, and such publication is hereby expressly ratified and approved.

(c) Award of Bonds; Certificate of Award. The County Treasurer or his designee, as delegate of this Board of Supervisors, is hereby authorized to entertain bids for the Series 2005 Bonds, and to accept the lowest true interest cost bid, provided that (i) such true interest cost shall be no greater than 8.0%, calculated as specified in the Official Notice of Sale, (ii) the maximum interest rate on the Series 2005 Bonds shall not be in excess of 12.00% per annum; and (iii) the price to be paid for the Series 2005 Bonds shall not be less than the principal amount thereof, plus accrued interest, if any, to the date of delivery, and (iv) the bidder has agreed to pay specified costs of issuance of the Series 2005 Bonds on behalf of the District, in such type and amount as shall be determined and set forth in the Official Notice of Sale and bid form.

If such true interest cost and price are acceptable to the County Treasurer, the County Treasurer or his designee is hereby authorized to award the sale of the Bonds by executing a Certificate of Award, in substantially the form attached hereto as Exhibit B, naming the successful bidder and determining all remaining terms of the Series 2005 Bonds, and such execution shall constitute conclusive evidence of the approval of the County Treasurer and of this Board of Supervisors of the terms of the Series 2005 Bonds and the sale thereof, including any change therein from the terms specified in the Official Notice of Sale; provided that the terms of the Series 2005 Bonds and the sale thereof shall conform in all respects with the limitations contained in this Resolution.

The Certificate of Award shall recite the aggregate principal amount of the Series 2005 Bonds, the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of

optional and mandatory sinking fund redemption thereof. The Certificate of Award, together with this Resolution, shall constitute the order of the Board of Supervisors for purposes of Section 15230 of the Education Code of the State of California.

If no bid for the Series 2005 Bonds is acceptable, the County Treasurer is requested to reject all bids and to re-bid the Series 2005 Bonds or, if necessary, sell the Series 2005 Bonds by negotiated sale as permitted by law, upon terms and conditions otherwise in conformity with the limitations contained in this Resolution.

Section 13. Deposit and Investment of Proceeds: (a) The proceeds of sale of the Series 2005 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the building fund of the District. Any premium and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury.

(b) All funds held by the County Treasurer hereunder shall be invested in the County Treasurer's investment pool pursuant to law and the investment policy of the County.

(i) In the sole discretion of the District, all or any portion of the building fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California.

(ii) In the sole discretion of the District, all or any portion of the building fund of the District may be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Series 2005 Bonds necessary in order to maintain the then-current rating on the Series 2005 Bonds.

Section 14. Tax Covenant: The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2005 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2005 Bonds, to be entered into by the District as of the date of issuance of the Series 2005 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series 2005 Bonds.

Section 15. Continuing Disclosure Certificate: The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12, and that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 16. Limited Responsibility for Official Statement: Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Series 2005 Bonds (the "Official Statement"), and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as

they may relate to funds of the District held by the County Treasurer, the County Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify in writing prior to or upon the issuance of the Series 2005 Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 17. Approval of Actions: The Chair of this Board of Supervisors, the Clerk of this Board of Supervisors, the County Auditor-Controller, the County Counsel, and the County Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series 2005 Bonds, necessary or desirable to accomplish the transactions authorized herein.

Section 18. Limited Liability . Notwithstanding anything to the contrary contained herein, in the Notes or in any other document mentioned herein, neither the County nor the Board, nor any of the County's employees or officers shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby and the Notes shall be payable solely from the moneys of the District available therefor as set forth in Section 6 hereof.

Section 19. Effective Date: This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this day, June 28, 2005, by the following vote:

SUPERVISORS:

SO ORDERED.

Approved as to Form  
RICHARD E. WINNIE, County Counsel

By Claudia V. [Signature]

CLERK'S CERTIFICATE

I, Crystal K. Hishida, Clerk of the Board of Supervisors (the "Board") of the County of Alameda, do hereby certify that the attached is a full, true and correct copy of a resolution and order duly adopted at a regular meeting of the Board duly and regularly and legally held at the regular meeting place thereof on June 28, 2005, and duly entered in the minutes of said meeting, of which meeting all the members of the Board had due notice and at which a quorum thereof was present. Said resolution was adopted by the following vote:

AYES: Supervisors Lai-Bitker, Miley Steele & President Carson - 4

NOES: None

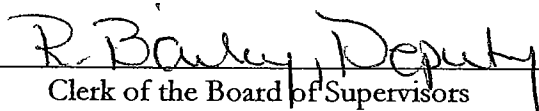
ABSTAIN: None

ABSENT: Supervisor Haggerty - 1

An agenda of said meeting was posted at least 72 hours before said meeting at 1221 Oak Street, Oakland, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I further certify that I have carefully compared the attached copy with the original minutes of said meeting on file and of record in my office. Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

WITNESS my hand this 28th day of June.

  
Clerk of the Board of Supervisors  
County of Alameda



PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 16, 2005

NEW ISSUE - BOOK-ENTRY ONLY

INSURED RATINGS: S&P: AAA

Moody's: Aaa

(See "BOND INSURANCE" and "MISCELLANEOUS - Ratings" herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 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 accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*

**\$141,000,000\***

**OAKLAND UNIFIED SCHOOL DISTRICT**

**(County of Alameda, California)**

**General Obligation Bonds, Election of 2000, Series 2005**

**Dated: Date of Delivery**

**Due: August 1, as shown below**

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Bonds are issued on behalf of the Oakland Unified School District (the "District") (i) to finance specific construction and modernization projects approved by the voters and (ii) to pay costs of issuance of the Bonds. The Board of Supervisors of Alameda 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" and "SPECIAL INVESTOR CONSIDERATIONS" herein.

Interest on the Bonds is payable on February 1, 2006, and thereafter on each February 1 and August 1 to maturity. Principal of the Bonds is payable on August 1 in each of the years and in the amounts set forth below. 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 initially 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" herein.

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

The Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of such banks, are prudent for the investment of funds of depositors, and are eligible securities for deposits of public money in California. See "OTHER LEGAL MATTERS - Legality for Investment in the State of California" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA INSURANCE CORPORATION ("MBIA"). See "BOND INSURANCE" herein.



**MATURITY SCHEDULE\***

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2006	400,000	%	%	2019	5,575,000	%	%
2007	400,000			2020	5,855,000		
2008	1,410,000			2021	6,150,000		
2009	2,455,000			2022	6,455,000		
2010	3,485,000			2023	6,780,000		
2011	4,155,000			2024	7,115,000		
2012	4,925,000			2025	7,475,000		
2013	5,730,000			2026	7,845,000		
2014	6,580,000			2027	8,240,000		
2015	7,385,000			2028	8,650,000		
2016	4,815,000			2029	9,125,000		
2017	5,060,000			2030	9,625,000		
2018	5,310,000						

*Pursuant to the terms of a public sale on August 23, 2005, the Bonds were awarded to \_\_\_\_\_, as Underwriter, at a true interest cost of \_\_\_\_%. The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of their legality by Orrick, Herrington & Sutcliffe LLP, Bond 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 August 31, 2005.*

Dated: August \_\_, 2005

\* Preliminary; subject to change.

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

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 exempted 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.

Kelling Northcross & Nobriga, as financial advisor to the District with respect to the Bonds, has read and participated in the preparation and review of certain portions of this Official Statement, but has not otherwise supervised the completion or editing thereof, and has not audited, authenticated or otherwise verified the information set forth herein, or any other related information available to the District, with respect to the accuracy or completeness of the disclosure of such information. The financial advisor makes no guaranty, warranty, or other representation respecting accuracy and completeness of the Official Statement or any other matter related thereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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 UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

**County of Alameda, California**

**Board of Supervisors**

Keith Carson - President (District 5)  
Scott Haggerty - Vice President (District 1)  
Gail Steele (District 2)  
Alice Lai-Bitker (District 3)  
Nate Miley (District 4)

**Administration**

Donald R. White  
*Treasurer-Tax Collector*

Patrick O'Connell  
*Auditor-Controller*

**Oakland Unified School District**

**Administration**

Randolph E. Ward, Ed.D.  
*State Administrator*

Javetta Robinson  
*CFO/Associate Superintendent*

Roy Combs  
*District Counsel*

Tim White  
*Assistant Superintendent, Facilities*

**Board of Education**

Gary Yee  
*President*

David Kakishiba  
*Vice President*

Kerry Hamill  
*Member*

Gregory Hodge  
*Member*

Noel Gallo  
*Member*

Dan Siegel  
*Member*

Alice Spearman  
*Member*

**Bond Counsel  
and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**Financial Advisor**

Kelling, Northcross & Nobriga  
a division of Zions First National Bank  
*Oakland, California*

**Paying Agent**

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

## TABLE OF CONTENTS

	Page
INTRODUCTION .....	1
The District .....	1
THE BONDS .....	2
Authority for Issuance; Purpose .....	2
Form and Registration .....	2
Payment of Principal and Interest .....	2
Redemption .....	3
Defeasance of Bonds .....	4
Unclaimed Moneys .....	5
Application and Investment of Bond Proceeds .....	5
Estimated Sources and Uses of Funds .....	6
Annual Debt Service .....	7
SECURITY AND SOURCE OF PAYMENT FOR THE BONDS .....	7
General .....	7
Assessed Valuation of Property Within the District .....	8
Tax Rates, Levies, Collections and Delinquencies .....	10
BOND INSURANCE .....	14
SPECIAL INVESTOR CONSIDERATIONS .....	16
TAX MATTERS .....	19
OTHER LEGAL MATTERS .....	20
Legal Opinion .....	20
Legality for Investment in the State of California .....	20
Continuing Disclosure .....	20
No Litigation .....	21
MISCELLANEOUS .....	21
Ratings .....	21
Professionals Involved in the Offering .....	22
Underwriting .....	22
Additional Information .....	22

### APPENDICES

APPENDIX A – INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET .....	A-1
APPENDIX B – EXCERPTS FROM UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2004 .....	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL .....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT .....	D-1
APPENDIX E – COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL .....	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM .....	F-1
APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....	G-1

**\$141,000,000\***  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**(County of Alameda, California)**  
**General Obligation Bonds, Election of 2000, Series 2005**

**INTRODUCTION**

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$141,000,000\* aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (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 Agreement to be executed by the District. See "OTHER LEGAL MATTERS – Continuing Disclosure" herein.

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 resolutions providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for the complete provisions thereof. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the CFO/Associate Superintendent, 1025 Second Avenue, Oakland, CA 94606. The District may impose a charge for copying, mailing and handling.

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 Underwriter or owners of any of the Bonds.

**The District**

The District is located in and is approximately coterminous with the City of Oakland, California (the "City"), population 400,000, located on the east side of San Francisco Bay, approximately 10 miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining existing high school and elementary school districts.

The District currently operates 62 elementary schools, 17 middle schools, one alternative middle school, three alternative schools serving grades 6-12, 14 comprehensive senior high schools, seven alternative high school programs, and two special education schools. Twenty-six charter schools also operate within the District. Including the students in the charters, approximately 49,300 students are served in grades kindergarten through 12. As of the commencement of the 2005-06 school year, the District employed approximately 5,100 employees including certificated (credentialed teaching) staff, classified (non-teaching) staff, and management personnel. The District has adopted a Fiscal Year 2005-06 general fund budget reflecting expenditures of approximately \$396 million. Total assessed valuation of taxable property in the District in Fiscal Year 2004-05 is approximately \$28.8 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District is currently governed by a State Administrator (the "State Administrator") appointed by the State Superintendent of Public Instruction pursuant to special state legislation enacted in response to the District's request for financial assistance during the 2002-03 fiscal year. The seven-member elected Board of Education serves in an advisory capacity to the State Administrator, who acts with the authority of the Board of Education until certain State-mandated requirements have been satisfied. For discussion of the District's recent financial history and the terms of State administration of the District, see "SPECIAL INVESTOR CONSIDERATIONS" and APPENDIX A:

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\* Preliminary; subject to change.

"INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – School District Governance; State Administration" and "– Recent Financial History of the District" herein. The State Administrator also serves in the operational and financial management role usually belonging to a superintendent. On June 16, 2003, Randolph E. Ward, Ed.D. was appointed the State Administrator. Dr. Ward has been an educator for over 25 years. Prior to Dr. Ward's appointment to the District, he served as the State-appointed administrator for the Compton (California) Unified School District. Dr. Ward has also served as an elementary school principal and as an area superintendent for the Long Beach Unified School District in California.

For additional information about the District's operations and finances, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

## THE BONDS

### Authority for Issuance; Purpose

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of Alameda County on June 28, 2005 (the "Resolution"), at the request of the District by its resolution adopted on June 8, 2005 (the "District Resolution").

The District received authorization at an election held on March 7, 2000, by more than two-thirds of the votes cast by eligible voters within the District, to issue bonds of the District pursuant to the following ballot measure:

"To relieve overcrowding in Oakland's neighborhood schools and improve educational facilities for children, through projects such as constructing new schools; renovating classrooms and bathrooms; replacing electrical, plumbing, heating and ventilation systems; upgrading science labs and libraries; restoring arts/music rooms; and replacing deteriorating portable classrooms; shall Oakland Unified School District issue \$303,000,000 in bonds at authorized interest rates for acquisition and improvement of land and facilities, and appoint a citizens' oversight committee to guarantee funds are spent accordingly?"

The Bonds are the third series of the authorized bonds to be issued. For discussion of previously issued general obligation bonds of the District, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Debt Structure" and "– Other Audit Findings" herein.

### Form and Registration

The Bonds will be issued in fully registered form only, without coupons, 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 of the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Bonds 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. See APPENDIX F: "BOOK-ENTRY ONLY 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 cover page hereof on February 1 and August 1 of each year to maturity, commencing on February 1, 2006 (each, an "Interest Payment Date"), 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 January 15, 2006, will bear interest from the date of 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 by U.S. Bank National Association, acting as paying agent for the Bonds (the "Paying Agent"), to the person appearing on the registration books of the Paying Agent as the registered owner thereof (the "Owner") 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 at maturity, or upon redemption prior to maturity, upon surrender of Bonds at the principal office of the Paying Agent in San Francisco, California, or at such other place as the Paying Agent shall specify. 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 within the Alameda County treasury, consisting of *ad valorem* taxes collected and held by the Treasurer-Tax Collector of the County (the "County Treasurer"), together with any net premium and 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. See APPENDIX F: "BOOK-ENTRY ONLY SYSTEM".

**Redemption**

**Optional Redemption.** The Bonds maturing on or before August 1, 2015, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after August 1, 2016, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2015, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

**Mandatory Sinking Fund Redemption.** The \$\_\_\_\_\_ Term Bond maturing on August 1, 20\_\_\_\_, is also subject to mandatory sinking fund redemption on each Mandatory Sinking Fund Redemption Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
_____	\$ _____

† Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

**Selection of Bonds for Redemption.** If less than all of the Bonds are called for redemption, such Bonds will be redeemed in inverse order of maturities (or as otherwise directed by the District). Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of \$5,000 denominations each, which may be separately redeemed.

**Notice of Redemption.** Notice of redemption of any Bond is required to be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books; (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories; (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities; and (iv) as may be further required in accordance with the Continuing Disclosure Agreement of the District. See APPENDIX D: "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Each notice of redemption is required to contain 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; (v) the dates of maturity of the Bonds to be redeemed; (vi) (if less than all of the then outstanding Bonds are to be called for redemption) the distinctive serial 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 principal corporate trust office of the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the designated redemption date. The actual receipt by the owner of any Bond or by any securities depository or information service of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

**Effect of Notice of Redemption.** When notice of redemption has been given substantially as provided for in the Resolution, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Resolution, 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 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.

**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.

### **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 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, 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 to



pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates, in the opinion of a Certified Public Accountant licensed to practice in the State.

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

#### **Unclaimed Moneys**

Any money held in any fund created pursuant to the Resolution, or 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) shall 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 shall be transferred to the general fund of the District as provided and permitted by law.

#### **Application and Investment of Bond Proceeds**

The proceeds from the sale of the Bonds (net of premium, if any) will be deposited in the County treasury to the credit of the Building Fund of the District. Any premium or accrued interest received will be deposited in the Interest and Sinking Fund of the District in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. (For discussion of uses of prior general obligation bond proceeds of the District, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - Audit Findings - Bond Fund Audit" herein.) Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on Bonds of the District.

All funds held by the County Treasurer under the Resolution will be invested in the County Treasurer's investment pool pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California, and all or any portion of the Building Fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds. See Appendix E: "COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL."

**Estimated Sources and Uses of Funds**

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

**Oakland Unified School District  
General Obligation Bonds, Election of 2000, Series 2005  
Estimated Sources and Uses of Funds**

Sources of Funds

Par Amount of Bonds	\$
Original Issue Premium	
Total Sources	\$

Uses of Funds

Deposit to Building Fund	\$
Underwriter's Discount	
Costs of Issuance <sup>(1)</sup>	
Deposit to Interest and Sinking Fund <sup>(2)</sup>	
Total Uses	\$

<sup>(1)</sup> Includes bond counsel fees, disclosure counsel fees, financial advisor fees, municipal bond insurance premium, rating agency fees, paying agent fees, printing fees and other miscellaneous expenses.

<sup>(2)</sup> Consists of any premium received by the District.

**Annual Debt Service**

The District has previously issued six series of bonds pursuant to an election held on November 8, 1994. The District has also issued two series of bonds pursuant to the election held on March 7, 2000, pursuant to which the Bonds were authorized. Refunding Bonds issued in 1998 replaced all of the Series A Bonds issued in 1994. For more detailed information regarding the District's obligations, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Debt Structure" herein. Upon issuance of the Bonds, scheduled debt service obligations for all outstanding bonds of the District will be as follows:

**Oakland Unified School District  
General Obligation Bonds  
Debt Service-Bond Year Basis**

General Obligation Bonds, Election of 2000, Series 2005

Year Ending August 1	Outstanding Bonds Annual Debt Service	Principal	Interest	Annual Debt Service	Total
		\$	\$	\$	\$
2005	\$20,881,945.02				
2006	21,021,907.52				
2007	20,957,807.52				
2008	21,449,507.52				
2009	21,678,747.52				
2010	21,867,635.02				
2011	22,498,647.52				
2012	23,108,372.52				
2013	23,761,597.52				
2014	24,453,182.52				
2015	25,271,600.02				
2016	26,091,442.52				
2017	26,917,861.26				
2018	27,733,736.26				
2019	28,634,336.26				
2020	29,399,648.76				
2021	30,398,555.02				
2022	31,345,942.50				
2023	31,545,367.50				
2024	32,066,942.50				
2025	30,473,180.00				
2026	22,548,750.00				
2027					
2028					
2029					
2030					
Total	\$564,106,712.80				

**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, 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. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District and interest thereon when due.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA Insurance Corporation. See "BOND INSURANCE" herein.

### Assessed Valuation of Property Within the District

Taxable property located in the District has a 2004-05 assessed value of approximately \$28.8 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and other property (real or personal) for which a lien on real property is 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". Shown in the following table is a ten year history of the assessed valuation of property in the District.

#### Oakland Unified School District Summary of Assessed Valuation

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
1994-05	\$14,430,328,167	\$57,362,522	\$1,297,817,110	\$15,785,507,799
1995-96	14,761,836,555	55,165,426	1,371,824,760	16,188,826,741
1996-97	14,912,475,663	64,955,112	1,354,643,699	16,332,074,474
1997-98	15,210,859,928	80,139,469	1,513,018,483	16,804,017,880
1998-99	15,871,362,169	78,976,204	1,543,806,837	17,494,145,210
1999-00	16,928,693,386	64,608,457	1,580,110,588	18,573,412,431
2000-01	18,387,089,052	62,397,618	1,565,891,828	20,015,378,498
2001-02	20,456,915,132	53,823,800	1,662,754,743	22,173,493,675
2002-03	22,389,684,317	49,548,055	1,686,149,546	24,125,381,918
2003-04	24,504,739,213	66,993,229	1,826,878,831	26,398,611,273
2004-05	26,718,830,029	79,048,063	1,975,377,642	28,773,255,734

Source: California Municipal Statistics, Inc.

The District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity is approximately \$719 million and its net bonding capacity is approximately \$413 million (taking into account current outstanding debt before issuance of the Bonds).

*Taxation of State-Assessed Utility Property.* A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed collectively as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Ongoing changes in the structure of California's electric utility industry and in the way in which components of the industry are owned and regulated, including the sale of electric generation assets to largely unregulated, nonutility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether future legislation, regulations or litigation may affect ownership of utility assets or the State's methods of assessing utility property and allocating tax revenues to local taxing agencies, including the District.

*Largest Taxpayers in District.* The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2004-05 tax roll, and the assessed valuations thereof, are shown below.

**Oakland Unified School District  
Major Taxpayers 2004-05**

	Property Owner	Primary Land Use	2004-05 Assessed Value	Percent of Total <sup>(1)</sup>
1.	OCC Venture LLC	Office Building	\$197,942,820	0.74%
2.	Prentiss Properties Acquisition Partners/ Prentiss Properties Lake Merritt LLC	Office Building	131,109,990	0.49
3.	Kaiser Foundation Health Plan	Office Building	124,064,347	0.46
4.	Kaiser Center	Office Building	114,481,609	0.43
5.	1800 Harrison Foundation	Office Building	110,439,090	0.41
6.	KSL Claremont Resort Inc.	Hotel	105,650,056	0.40
7.	LMP I LLC	Office Building	101,636,154	0.38
8.	555 Twelfth Street Venture LLC	Office Building	101,276,440	0.38
9.	Clorox Company	Office Building	90,520,920	0.34
10.	Webster Street Partners Ltd.	Office Building	75,329,865	0.28
11.	Zhone Technologies Campus LLC	Office Building	63,552,319	0.24
12.	SSR Western Multifamily LLC	Apartments	62,154,005	0.23
13.	Owens Brockway Glass Container	Industrial	61,160,714	0.23
14.	Legacy Landing LLC	Apartments	54,639,525	0.20
15.	Essex CAL WA LP	Apartments	51,869,353	0.19
16.	Catellus Development Corp.	Industrial	48,562,319	0.18
17.	Simrock 2 180 Grand LLC	Office Building	46,367,125	0.17
18.	Skyline Hills Apartments LLC	Apartments	34,697,897	0.13
19.	Durant Square Owners Association	Commercial	34,052,617	0.13
20.	1333 Broadway Associates LLC	Office Building	33,864,759	0.13
			<u>\$1,643,371,924</u>	<u>6.15%</u>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> 2004-05 Local Secured Assessed Valuation: \$26,718,830,029.

*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.

**Oakland Unified School District  
Assessed Valuation and Parcels by Land Use**

<u>Land Use</u>	<u>2004-05 Assessed Valuation<sup>(1)</sup></u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<b>Non-Residential:</b>				
Commercial	\$5,228,023,958	19.57%	5,669	5.32%
Industrial	2,687,282,209	10.06	2,197	2.06
Government/Social/Institutional	143,106,185	0.54	3,754	3.53
Vacant Commercial	66,742,797	0.25	554	0.52
Vacant Industrial	64,097,546	0.24	572	0.54
Recreational	<u>46,893,308</u>	<u>0.18</u>	<u>184</u>	<u>0.17</u>
Subtotal Non-Residential	\$8,236,146,003	30.83%	12,930	12.14%
<b>Residential:</b>				
Single Family Residence	\$13,002,456,492	48.66%	65,197	61.23%
5+ Residential Units/Apartments	1,927,859,036	7.22	3,100	2.91
Condominium/Townhouse	1,222,736,350	4.58	6,995	6.57
2 Residential Units	1,117,374,055	4.18	9,100	8.55
4 Residential Units	591,889,350	2.22	2,964	2.78
3 Residential Units	370,949,242	1.39	2,145	2.01
Vacant Residential	205,911,354	0.77	3,724	3.50
Mobile Home	18,777,968	0.07	162	0.15
Residential-Miscellaneous Uses	<u>14,186,579</u>	<u>0.05</u>	<u>129</u>	<u>0.12</u>
Subtotal Residential	\$18,472,140,426	69.14%	93,516	87.83%
Unknown Use	\$10,543,600	0.04%	27	0.03%
<b>Total</b>	<b>\$26,718,830,029</b>	<b>100.00%</b>	<b>106,473</b>	<b>100.00%</b>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Local Secured Assessed Valuation; excluding tax-exempt property.

**Tax Rates, Levies, Collections and Delinquencies**

The annual property tax rate is limited to 1% of the full cash value, plus the amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year. 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. 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.

As required by State law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, city and other special district taxes.

**Oakland Unified School District  
Typical Tax Rates, Tax Rate Area TRA 17-001**

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Oakland Unified School District Bonds	.0819	.0786	.0801	.0752	.0666
Oakland Unified School District State School	.0027	.0019	.0017	.0012	.0001
Building Loans					
Peralta Community College District Bonds	.0077	.0154	.0176	.0159	.0208
East Bay Municipal Utility District Bonds	.0085	.0084	.0084	.0079	.0076
East Bay Regional Park District Bonds	.0065	.0072	.0065	.0057	.0057
City of Oakland	<u>.1966</u>	<u>.2128</u>	<u>.1897</u>	<u>.2326</u>	<u>.2049</u>
Total	1.3039	1.3243	1.3040	1.3385	1.3057

Source: California Municipal Statistics, Inc.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers. When necessitated by changes in assessed value in the course of a year, a supplemental assessment is prepared, and taxes are pro-rated for the portion of the tax year remaining after the change.

Property taxes on the secured roll are due in two equal installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent attaches immediately to all delinquent payments. If the taxes have not been paid by June 30, the tax is deemed to be in default. Secured roll property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If the taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at a public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the lien date of January 1 and become delinquent if unpaid on August 31. A ten percent penalty attaches to delinquent taxes on property 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 may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The County Treasurer may also bring a civil suit against the taxpayer for payment.

**Oakland Unified School District  
Tax Collections and Delinquencies**

	<u>Secured Tax Charge</u> <sup>(1)</sup>	<u>Amount Del.</u> <u>June 30</u>	<u>Percent Del.</u> <u>June 30</u>
1999-00	\$11,014,001.91	\$ 550,671.21	5.00%
2000-01	23,099,291.60	920,414.53	3.98
2001-02	24,224,870.96	1,062,905.16	4.39
2002-03	31,047,499.94	1,438,845.05	4.63
2003-04	30,343,463.42	1,234,163.56	4.07

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Bond debt service levy.

*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 school districts, receives the amount of uncollected taxes credited to its fund, in the same manner as if the 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 of Alameda 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, 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 three percent of the total of all taxes and assessments levied on the secured roll of that agency.

*Direct and Overlapping Debt.* Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. 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 June 1, 2005, and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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



**Oakland Unified School District  
Direct and Overlapping Bonded Debt**

2004-05 Assessed Valuation: \$28,773,255,734  
 Redevelopment Incremental Valuation: 5,248,484,289  
 Adjusted Assessed Valuation: \$23,524,771,445

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/05</u>
East Bay Municipal Utility District	19.920%	\$ 607,560
East Bay Municipal Utility District, Special District No. 1	50.625	19,477,969
East Bay Regional Park District	10.372	15,085,037
Peralta Community College District	55.083	80,492,788
<b>Oakland Unified School District General Obligation Bonds</b>	<b>100.000</b>	<b>310,968,979</b> <sup>(1)</sup>
City of Alameda	0.006	627
City of Oakland	96.435	219,389,625
City of Oakland 1915 Act Bonds	100.000	7,330,000
City of Emeryville 1915 Act Bonds	3.914	469,289
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$653,821,874</b>
Less: East Bay Municipal Utility District		<u>607,560</u>
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$653,214,314</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Alameda County General Fund Obligations	17.634%	\$ 112,547,947
Alameda County Pension Obligations	17.634	54,112,254
Alameda County Board of Education Certificates of Participation	17.634	359,734
Alameda-Contra Costa Transit District Certificates of Participation	21.027	4,359,948
<b>Oakland Unified School District Certificates of Participation</b>	<b>100.000</b>	<b>27,035,000</b>
City of Alameda Certificates of Participation	0.006	1,031
City of Emeryville General Fund Obligations	0.097	6,004
City of Oakland General Fund Obligations	96.435	549,238,816
City of Oakland Pension Obligations	96.435	<u>353,429,301</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$1,101,090,035</b>

**GROSS COMBINED TOTAL DEBT** \$1,754,911,909 <sup>(2)</sup>  
**NET COMBINED TOTAL DEBT** \$1,754,304,349

- (1) Excludes general obligation bonds to be sold; excludes August 1, 2005 principal and interest payments.  
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004-05 Assessed Valuation:  
**Direct Debt (\$310,968,979)**..... **1.08%**  
 Total Gross Direct and Overlapping Tax and Assessment Debt... 2.27%  
 Total Net Direct and Overlapping Tax and Assessment Debt ..... 2.27%

Ratios to Adjusted Assessed Valuation:  
**Combined Direct Debt (\$338,003,979)**..... **1.44%**  
 Gross Combined Total Debt..... 7.46%  
 Net Combined Total Debt..... 7.46%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$187,282

Source: California Municipal Statistics, Inc.

## **BOND INSURANCE**

### **The MBIA Insurance Corporation Insurance Policy**

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix G for a specimen of MBIA's policy (the "Policy").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "BOND INSURANCE". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

### **MBIA Insurance Corporation**

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

## **Regulation**

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

## **Financial Strength Ratings of MBIA**

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

## **MBIA Financial Information**

As of December 31, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2005 MBIA had admitted assets of \$10.7 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of June 30, 2005 and for the six month periods ended June 30, 2005 and June 30, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

## **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2004; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

### **SPECIAL INVESTOR CONSIDERATIONS**

*The District experienced increasing financial strain over a period of several years, culminating in 2003 with the State takeover of the District's affairs and the appointment of a State Administrator to assume the powers of the District's board and superintendent, pursuant to Senate Bill 39 ("S.B. 39"). Certain actions and inactions of the District prior to the State takeover, described in this section, might be of particular interest to investors in the Bonds. This section also discusses rating downgrade actions taken by Moody's and S&P, audit status of the District's financial statements, and the operation of federal and State laws relating to a possible bankruptcy of the District. More complete information about the District's financial history and steps taken to fiscal recovery are described in Appendix A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – School District Governance; State Administration", "– Recent Financial History of the District" and "– District Debt Structure".*

#### **2001-02 TRANs Setaside**

On October 25, 2001, the County issued \$40,000,000 aggregate principal amount of 2001-02 Tax and Revenue Anticipation Notes on behalf of the District, scheduled to mature on October 24, 2002. The District had previously issued and retired such notes routinely each year. The 2001-02 Notes required funds to be set aside in the County treasury at various times during Fiscal Year 2001-02 to provide for their repayment. These setasides were not made. Though responsibility for doing so arguably fell to the County Treasurer rather than the District, the District did not maintain sufficient financial controls to independently identify that the setasides had not been made.

#### **Borrowing from Building Fund**

On September 26, 2002, the District temporarily transferred \$40,000,000 from the Building Fund to the General Fund to allow the District to repay the 2001 02 Notes coming due on October 24, 2002. The Building Fund holds proceeds of bonds, authorized to be spent only on authorized acquisition and construction of real property. Such a temporary inter-fund borrowing, including of legally restricted funds, is specifically authorized by statute, provided the originating fund is repaid before the end of the fiscal year. The District repaid the Building Fund in June 2003, with moneys drawn from the State's Emergency Apportionment loan, authorized in the amount of \$100 million.

## **2002-03 TRAns Sale and Cancellation**

On October 2, 2002, the County Treasurer received bids for and awarded the sale of \$50,000,000 aggregate principal amount of the District's 2002-03 Tax and Revenue Anticipation Notes to Goldman Sachs & Company. The resolution providing for the issuance and security of the 2002-03 Notes contained an identical covenant to that made to holders of the 2001-02 Notes, that the County Treasurer would set aside and deposit in trust on specified dates the specified amounts necessary as security for the payment of all principal of and interest due on the Notes. The preliminary Official Statement relating to the 2002-03 Notes described the covenant. The District's preliminary Official Statement did not discuss the failure to make the required setasides for repayment of the 2001-02 Notes or the contemplated temporary inter-fund transfer from the Building Fund to the General Fund to pay the amounts due on the 2001-02 Notes.

The 2002-03 Notes were to have been delivered on October 16, 2002. On October 11, the Alameda County Superintendent of Schools informed the District of her determination that the District would not be able to meet its financial obligations for the current or succeeding two fiscal years, and her disapproval of the District's 2002-03 adopted budget. (For a discussion of the budget approval and certification process, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Budget Process and County Review", herein.) Without an approved District budget for Fiscal Year 2002-03, Standard & Poor's removed its rating with respect to the 2002-03 Notes. The District and Goldman Sachs & Company mutually determined to cancel the sale of the 2002-03 Notes, and they were not issued.

The District has not issued tax and revenue anticipation notes since. In 2002-03, the District borrowed \$50 million from the County Treasurer in advance of receipt of taxes, which was repaid in the normal course upon receipt of tax revenues. In subsequent years, the District has effectively funded its cash flow shortfalls by borrowing from the County Treasurer, who is generally required by statute to cover negative balances in the District's General Fund on a daily basis through temporary transfers from available balances in the County's pooled investment fund, and to repay such temporary transfers whenever additional funds are received on the District's behalf.

### **Rating Downgrades**

On January 23, 2003, in response to unmet cash flow needs of the District, and uncertainty about whether or not the Legislature would approve an emergency apportionment loan in sufficient time and amount, Moody's Investors Service lowered its underlying rating on the District's bonds to "Baa2" from "A3", and assigned a negative outlook. On April 30, 2004, Moody's changed the negative outlook to "stable", based primarily on the District's "improved liquidity."

On February 19, 2003, in response to similar factors, Standard & Poor's downgraded the District's underlying rating on its bonds to "BBB" from "A".

See "MISCELLANEOUS – Ratings" herein, for a discussion of each rating agency's current ratings on the Bonds and on outstanding bonds of the District.

### **Incomplete Audit Reports**

In December 2002, the District's unaudited financial statements for the Fiscal Year 2001-02 showed a General Fund deficit of \$31 million, which was projected to reach \$52 million by fiscal year end. Before the audit could be completed, FCMAT declared a fiscal emergency in the District, and the Board of Education requested the emergency loan from the State, resulting in the adoption of S.B. 39 and the State takeover of the District's financial affairs. Although the audit of the financial statements for Fiscal Year 2001-02 was completed by KPMG, the District never formally approved the audit report, and therefore does not have audited financial statement for that fiscal year.

The financial information presented in APPENDIX B relating to Fiscal Year 2003-04 represents the unaudited financial reports of the District for that year. The California State Controller's Office (the "Controller"), acting as the District's independent auditor, as required by S.B. 39, is currently performing an audit of the District's Fiscal Year 2003-04 financial statements. The audit is currently scheduled to be completed during the third quarter

of 2005. The District has received a draft report from the Controller and is in the process of reviewing and commenting on the findings. The District can make no prediction as to whether the State Administrator will accept this audit on behalf of the District.

The District's books for Fiscal Year 2004-05 are required to be closed by September 15, 2005. The District cannot predict whether it will be able to complete this process by the deadline, or whether the Controller will be able to complete an audit of the District's 2004-05 financial statements by the statutory deadline of December 15, 2005.

### **Effects of Possible District Bankruptcy**

The State Administrator is empowered under the Education Code to, among other things, implement substantial changes in the fiscal policies and practices of the District, including, if necessary, causing the District to file a voluntary bankruptcy petition under Chapter 9 of the United States Bankruptcy Code. Creditors of the District cannot file an involuntary bankruptcy petition against the District.

In the event that the District, or the State Administrator on behalf of the District, were to file for bankruptcy, Bond holders could experience delays or reductions in payments, loss of rights, or other adverse effects.

Unless approval of the bankruptcy court were obtained, the automatic stay provisions of the Bankruptcy Code could prevent the County Treasurer and the Paying Agent from making payments to the holders of the Bonds from funds in their possession (including from the interest and sinking fund of the District) while the District is in bankruptcy. Bond holders may also be prevented from taking any actions to collect amounts owing by the District under the Bonds, or from bringing any action to enforce obligations of the District under the Bonds and the District Resolution. Payments made to the holders of the Bonds during the 90 days immediately preceding the filing of a bankruptcy petition may possibly be avoided as preferential payments, so that Bond holders would be required to return such payments to the District. The District could take actions that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, so that any payments that have been made in the past or are made in the future could be treated as taxable by the IRS.

The District may be able to stop performing any of its covenants under the Bonds or the District Resolution. The District may alter terms of the Bonds or the District Resolution without the consent and over the objection of the County Treasurer and the holders of the Bonds, including the priority, interest rates, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions, as long as the bankruptcy court determines that the alterations are fair and equitable.

Regardless of any specific adverse determinations in a bankruptcy of the District, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

There may be other adverse effects on Bond holders of a District bankruptcy. The opinion of Bond Counsel is qualified with respect to bankruptcy risks. See APPENDIX C hereto.

State law provides that for so long as any of the Emergency Apportionment Refunding Bonds proposed to be issued by the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") on behalf of the District are outstanding, the District cannot file for bankruptcy. The Infrastructure Bank bonds, which as of the date of this printing have yet to be issued, are authorized to be outstanding for a term of 20 years. The District can make no prediction as to whether the Infrastructure Bank bonds will in fact be issued, or if they are issued, whether the Infrastructure Bank bonds will remain outstanding to their scheduled maturity. Thus, it is not clear whether in fact the District (and the State Administrator on its behalf) will be prohibited from filing for bankruptcy or how long such a prohibition would last. In addition, federal law determines whether or not the District can file for bankruptcy, and while the District believes that a federal bankruptcy court will enforce the State law prohibition on filing for bankruptcy, the District can give no assurance that the prohibition will be enforced. Furthermore, if the State were to repeal the relevant law, then the District would be able to file for bankruptcy. While the State has pledged for the benefit of the holders of the Infrastructure Bank bonds that it will not amend or repeal this prohibition on a District bankruptcy in any manner that would materially impair the security or other interests of holders of any of the Infrastructure Bank bonds, the District can make no representation or prediction as to the enforceability of this

pledge, or whether if the pledge were breached, holders of the Infrastructure Bank bonds would seek to enforce it. The pledge is not made for the benefit of holders of the Bonds.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("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 contained in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds of any given maturity date 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.

Certain requirements and procedures contained or referred to in the Resolution, the Tax Certificate of the District dated the date of issuance of the Bonds, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the

interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

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 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.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses 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 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 opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

### **Legality for Investment in the State of California**

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code of the State, are eligible securities for the 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 certain 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 2004-05 Fiscal Year (which is due no later than April 1, 2006) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository, and with the State information repository, if any. The notices of material events will be filed by the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") or with the Municipal Securities Rulemaking Board ("MSRB"), and with the State information repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D: "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The District has made similar covenants in connection with prior issues of municipal securities of the District. Pursuant to its existing continuing disclosure obligations, the District has filed two notices of significant events, the first on October 22, 2002, and the second on February 28, 2003. The first filing reported the rejection by the County of Alameda Office of Education of the District's certified Fiscal Year 2002-03 budget. The second filing reported rating downgrades made by Moody's on January 23, 2003 and by S&P on February 19, 2003.

Although the District has filed all required Annual Reports timely, the District has not included its audited financial statements for Fiscal Years 2001-02 and 2003-04 in the Annual Reports for those fiscal years because those audit reports have not been finalized or accepted by the District. The District has filed all required notices pursuant to the Rule in connection with such delayed audited financial statements and has filed unaudited financial statements for Fiscal Years 2001-02 and 2003-04. Copies of all notices and Annual Reports filed by the District pursuant to the Rule and the covenants of the District may be obtained from the District, from each NRMSIR or from the MSRB.

#### **No Litigation**

No litigation is pending or threatened concerning 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 District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. See, however, APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET -Other Audit Findings" herein.

### **MISCELLANEOUS**

#### **Ratings**

The Bonds have received the ratings of "Aaa" by Moody's Investors Service (Moody's) and "AAA" by Standard & Poor's Rating Service (S&P) based upon the issuance of a municipal bond insurance policy by MBIA Insurance Corporation concurrently with the issuance of the Bonds. The Bonds have received the underlying ratings of "Baa2" from Moody's and "BBB" from S&P. Each rating agency generally bases its ratings on its own investigations, studies and assumptions. The District has provided certain additional information and materials to each rating agency (some of which does not appear in this Official Statement). The ratings reflects only the views of each rating agency, and any explanation of the significance of such ratings may be obtained only from Moody's at One Front Street, Suite 1900, San Francisco, CA 94111 and from S&P at One Market Plaza, Steuart Tower, 15th Floor, San Francisco, CA 94105-1000. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the respective rating agency, 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. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

**Professionals Involved in the Offering**

Kelling, Northcross & Nobriga, a division of Zions First National Bank, is acting as Financial Advisor to the District in connection with the issuance of the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Orrick, Herrington & Sutcliffe LLP, San Francisco, California is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California is acting as Paying Agent with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

**Underwriting**

The Bonds are being purchased by \_\_\_\_\_ (the "Underwriter") pursuant to the terms of an Official Notice of Sale, dated August 16, 2005, and a Certificate of Award, dated August \_\_, 2005, at a price of \$ \_\_\_\_\_. The Underwriter has certified the reoffering prices or yields set forth on the cover hereof. Based on these prices, Underwriter's compensation ("spread") is \$ \_\_\_\_\_. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

**Additional Information**

Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of 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.

Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the CFO/Associate Superintendent, 1025 Second Avenue, Oakland, CA 94606.

\_\_\_\_\_

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

**OAKLAND UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
State Administrator

## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the 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 Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

### FINANCIAL AND DEMOGRAPHIC INFORMATION

#### General

The District is located in and is approximately coterminous with the City of Oakland, California (the "City"), population 400,000, located on the east side of San Francisco Bay, approximately 10 miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining existing high school and elementary school districts.

The District currently operates 62 elementary schools, 17 middle schools, one alternative middle school, three alternative schools serving grades 6-12, 14 comprehensive senior high schools, seven alternative high school programs, and two special education schools. Twenty-six charter schools also operate within the District. Including the students in the charters, approximately 49,300 students are served in grades Kindergarten through 12. As of the commencement of the 2005-06 school year, the District employed approximately 5,100 employees including certificated (credentialed teaching) staff, classified (non-teaching) staff, and management personnel. The District has adopted a Fiscal Year 2005-06 general fund budget reflecting expenditures of approximately \$396 million. Total assessed valuation of taxable property in the District in Fiscal Year 2004-05 is approximately \$28.8 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

#### School District Governance; State Administration

School districts are generally governed by a locally elected governing board, which appoints a superintendent to act as the chief executive and administrative officer. In March 2003, the Board of Education of the District determined that it could not meet its financial obligations, and requested an emergency loan from the State pursuant to provisions of the Education Code. The State Legislature adopted special urgency legislation ("S.B. 39"), approved by the Governor on May 30, 2003, approving the loan and requiring the State Superintendent of Public Instruction to assume all of the rights, duties and powers of the governing board of the District, and to appoint an administrator to act on behalf of the State Superintendent in exercising his powers over management of the District.

On June 16, 2003, the State Superintendent appointed Randolph E. Ward, Ed.D. to act as administrator of the District (the "State Administrator"). Dr. Ward has been an educator for over 25 years. He served as the last State-appointed administrator and then State-appointed trustee for the Compton Unified School District prior to its return to local administration. The District's seven-member locally elected Board of Education continues to serve only in an advisory capacity to the State Administrator, who acts with the authority of the Board of Education until certain state-mandated requirements have been satisfied. The prior Superintendent of the District resigned upon the appointment of the State Administrator, and has not been replaced.

The State Administrator is empowered to implement substantial changes in the fiscal policies and practices of the District, including, if necessary, seeking adjustment of indebtedness of the District under federal bankruptcy law. The State Administrator is authorized to enter into agreements on behalf of the District and change any existing

rules, regulations, policies or practices as necessary for the effective implementation of the District improvement plan called for by S.B. 39. The State Administrator was also authorized to terminate the employment of any senior management personnel unable to document that they had advised the Board of Education to take steps, or that they otherwise took appropriate action, to avert fiscal insolvency. These and other conditions of State administration of the District are described in the following section.

### **Recent Financial History of the District**

The District experienced a worsening financial situation over several years leading up to the approval of an emergency apportionment by the State, the appointment of the State Administrator and the resignation of the Superintendent in June 2003. MGT of America, a national management consulting firm engaged by the Alameda County Superintendent of Schools to audit the District's financial situation, described in its Final Report, dated November 9, 2004:

"In an effort to improve the districts' educational performance and pupil achievement among its large and ethnically diverse urban student population, district leaders approved a 24 percent salary raise for teachers in 1999 to be phased in over the next three fiscal years. Considering that the district's total salaries for certificated and classified staff are more than 50% of total revenues, this represented a substantial budget expenditure increase. However this increased fiscal obligation came at the same time as student enrollment in the district was falling, resulting in lower revenues to the district and a decreasing fund balance in its General Fund. Compounding the situation was the considerable turnover of high-level administrators at the district."

In December 2002, the District's unaudited financial statements for the Fiscal Year 2001-02 showed a General Fund deficit of \$31 million, which was projected to reach \$52 million by fiscal year end. At that time, the County Superintendent had appointed the Fiscal Crisis and Management Assistance Team ("FCMAT") as the financial advisor to the District. Upon review of the District's financial condition, FCMAT declared a fiscal emergency in the District. In response to this declaration, the District requested an emergency loan from the State, resulting in the adoption of S.B. 39. S.B. 39 approved up to \$100 million in an emergency apportionment loan to the District to cover existing fiscal responsibilities, and set forth conditions for repayment of the loan. The District's emergency apportionment loan is the largest ever made by the State to a school district. The District immediately drew down \$65 million of the amount, of which \$40 million was used to repay the amount that had been borrowed from the Building Fund for the benefit of the General Fund. The remaining amount was used to cover June 2003 payroll and provide working capital to the General Fund. The district has begun repayment of the \$65 million.

As a condition of acceptance of the emergency apportionment loan, S.B. 39 directed the State Superintendent of Public Instruction to assume the legal powers of the locally elected Board of Education and its appointed superintendent, and to appoint a State Administrator to oversee the District's affairs and develop a multi-year fiscal recovery plan. Randolph Ward was appointed State Administrator on June 16, 2003. S.B. 39 also directs the State Controller to conduct the annual financial audits of the District until such time as the State Superintendent determines that the District is financially solvent.

S.B. 39 appoints the State Administrator for a minimum term of two years, and sets forth specific requirements, but does not set forth a specific timeline, for return of governing authority to the Board of Education. Among other things, FCMAT must complete an improvement plan and determine every six months whether the District has made substantial and sustained progress in implementation of the plan in defined major functional areas.

FCMAT's improvement plan defines the major functional areas as follows:

1. Community Relations and Governance,
2. Pupil Achievement,
3. Financial Management,
4. Personnel Management, and
5. Facilities Management.

FCMAT's improvement plan provides that when improvement is shown in a functional area, measured in accordance with the plan, FCMAT will recommend to the State Superintendent that this particular condition has been met and thus control of that functional area could be returned to the Board of Education. If all of the conditions are met, full control is returned to the Board of Education; however, the State Superintendent can reassume control if any provision of the plan is violated after the Board of Education regains control. To date, control of all five functional areas remains with the State Administrator.

### **Multiyear Fiscal Recovery Plan**

Pursuant to S.B. 39, the District is required to adopt and implement the recommendations of a plan for the financial recovery of the District and the return of local control of the five functional areas. On July 27, 2005, the District adopted its Multi-year Fiscal Recovery Plan (the "Recovery Plan") for attaining fiscal solvency, improving student achievement, and for restoring governance authority to the Board of Education. The Recovery Plan sets forth a three stage plan, stabilization, recovery and renewal, and describes 26 specific recommendations. The Fiscal Years 2003-04 and 2004-05 served as the stabilization period under the plan, during which a variety of costs were eliminated from the General Fund, expenses were reduced, a new budgeting model was introduced ("results based budgeting"), and the finance, payroll and human resource systems were integrated on a software platform to improve internal controls and the sharing of information among various service areas of the District's administration. In addition, the District has begun a process of restructuring the central administrative office, redefining the job descriptions and the organizational structure of the following service areas to be consistent with the newly introduced budgeting model and other systemic reforms: Financial Services; Human Resources; Research, Accountability and Assessment; and the District's executive positions. In order to improve controls and ensure quality in the execution of job functions, a new performance management system has been implemented in each of the restructured service areas that utilizes metrics and scorecards based upon industry best practices.

The District incorporated all 26 recommendations of the Recovery Plan into its Fiscal Year 2005-06 budget, initiating the second (recovery) stage of the plan. To improve accuracy in the budgeting process, the Fiscal Year 2005-06 budget was created from a complete rebuilding of the budget process under the new results based budgeting system. Results based budgeting is designed to create incentives at the school level associated with positive student achievement, such as increased attendance rates. For Fiscal Year 2003-04, attendance rates increased less than one percent over the prior year. However, in Fiscal Year 2004-05, the District's attendance rate was 92%, representing an increase of over 2% from the prior year. The District has also implemented a new student information system ("SIS") designed to improve attendance reporting and enable site level accountability consistent with the results based budgeting model.

The District can make no prediction as to what actions, if any, the State Administrator, the State Superintendent of Public Instruction, the State Board of Education or the Legislature might take if the District fails to achieve fiscal solvency through the Recovery Plan.

For additional information regarding the Recovery Plan, or to obtain a complete copy of the Recovery Plan, see the District's web site at: <http://webportal.ousd.k12.ca.us>. The Recovery Plan and information contained on the District's website is not incorporated herein by this reference.

### **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, and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. The District receives approximately 65% of its revenues from State funds, budgeted at \$254,203,701 in Fiscal Year 2005-06. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

According to the State Constitution, the Governor of the State is required to propose a budget to the California Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. On May 29, 2002, the State Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, or (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 court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: [www.sco.ca.gov](http://www.sco.ca.gov). Should the Legislature fail to pass the 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* 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* decision to have any long-term effect on its operating budgets.

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. A brief description of the adopted State budget for 2005-06 is included below; however, the District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to any such annual fluctuations. 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](http://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](http://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](http://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.

*Aggregate State Education Funding.* 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 for kindergarten through grade 14 (K-14).

The guaranteed funding amount for K-14 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, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow. On average, about 40 percent of State general fund tax proceeds are currently spent on the State's share of Proposition 98 funding.

The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State general fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

If the guaranteed amount is calculated at year-end to be higher than the amount actually appropriated, the difference becomes an additional K-14 education funding obligation, referred to as "settle up." Existing settle-up obligations total approximately \$1 billion. Under current law, these will be repaid to the education budget at \$150 million per year beginning in 2006-07.

If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base. The State has avoided increases in the base through various mechanisms: On several occasions, the State treated excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels, rather than increases in the base. In March 2003, the Legislature permanently deferred year-end apportionments of Proposition 98 funds from June 30 to July 2, to reduce the ending fiscal year's base and thus future years' guaranteed amounts.

The Secretary of State has qualified an initiative constitutional amendment, known as "The California Live Within Our Means Act", to be considered as Proposition 76 at the November 8, 2005 special statewide election called by the Governor. Proposition 76 will accomplish as a permanent constitutional fixture many of the one-time responses to funding the Proposition 98 requirements that the Legislature and Governor have implemented over the years. If approved by a majority vote of the State's electorate, Proposition 76 would base growth in the guaranteed amount only on changes in enrollment and the cost of living, and eliminate maintenance factors in future years. In the future, any appropriations of education funding above the Proposition 98 guaranteed amount would not raise the base upon which subsequent calculations are made. The State would have until 2021 to pay any existing settle-up obligations for years prior to 2004-05, the unpaid 2005-06 maintenance factor, and any state-mandated costs still owing to districts. These amounts would not raise the Proposition 98 guaranteed amount.

*Recent State Budget Difficulties and Initiative Responses.* Since early 2001, structural imbalances in State revenues versus expenditures have created significant financial challenges. The three main traditional sources of State tax revenues, personal income taxes, sales and use taxes, and corporate taxes, suffered disproportionately in the most recent economic downturn, revealing inherent weakness in the State's reliance thereon. Meanwhile, large portions of the State's budget are relatively fixed, causing a perennial shortfall and an accumulated deficit in the tens of billions of dollars. Two measures intended to address the existing cumulative budget deficit and to implement structural reform were approved at the March 2, 2004 statewide primary election. The California Economic Recovery Bond Act (Proposition 57) authorized the issuance of up to \$15 billion of bonds to finance the State negative general fund reserve balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The Balanced Budget Amendment (Proposition 58) requires the State to adopt and maintain a balanced budget and establish a reserve, and restricts future long-term deficit-related borrowing. The State has issued \$10.896 billion of the authorized bonds.

Proposition 76, if approved at the November 8, 2005 special statewide election, would make certain additional changes to the State's budget procedures, according to the State's Legislative Analyst: If the Legislature fails to adopt a budget prior to the beginning of a new fiscal year, the prior-year's budgeted appropriations would remain in effect until a new budget is enacted. Following the enactment of a budget, the Governor could declare a fiscal emergency at the end of any quarter and call the Legislature into special session, upon determining either that general fund revenues have fallen by at least 1.5 percent below the State Department of Finance estimate or that the balance of the State's budget reserve will decline by more than one-half between the beginning and the end of that fiscal year. If the Legislature fails to act within 45 days to address the budget shortfall, the Governor could unilaterally reduce most expenditure items in the budget. Language in Proposition 76 suggests that the Governor could also make budget reductions in the event no budget is adopted, if the Legislature fails to act within 30 days of an emergency proclamation. Reductions could not be made in (1) expenditures required by federal laws and regulations, (2) appropriations required by contracts to which the State is a party, and (3) debt service on State bonds. However, any general fund spending related to contracts, collective bargaining agreements, or laws signed after the effective date of Proposition 76 would be subject to these reductions.

*2005-06 Governor's Budget.* The Governor signed the State 2005-06 Fiscal Year budget on July 11, 2005, although subsequent legislation may affect final budget totals. The following information relating to the funding of K-12 education is adapted from the budget summary prepared by the State Treasurer: The budget includes Proposition 98 funding for grades K-12 of approximately \$49.2 billion, or \$740,886 less than the Proposition 98 guaranteed amount. The budget provides approximately \$16.8 million in one-time funds to meet prior years' Proposition 98 settle-up obligations, which will be supplemented beginning in 2006-07 by annual payments of \$150 million per year until the estimated \$1.3 billion of such obligations is repaid. The budget provided both statutory and discretionary growth and cost-of-living adjustments to revenue limits (\$1.6 billion) and most categorical programs (\$295 million), and approximately \$194 million for special education. The budget provides approximately \$328 million in additional revenue limit funding to restore approximately half of the general purpose reduction school districts previously experienced. The budget provides an aggregate total of \$348.4 million to promote academic performance, consisting of \$228.7 million to assist low-performing schools, \$53 million to assist schools sanctioned by accountability programs, \$30 million for a school reform program, \$7.5 million in funding deferred from 2004-05 for underperforming schools, and \$29.2 million in federal Title I School Improvement Funds. In addition, in connection with the settlement of a class action lawsuit, *Williams v. State of California*, brought against the State on behalf of students in the most poorly funded schools, the 2005-06 budget provides \$183.5 million, primarily for facility improvements to the neediest schools. Future years' budgets will have to continue to address further settlement terms that call for over \$800 million in facilities improvements and additional programmatic support.

*Proposition 1A.* Beginning in 1992-93, the State has satisfied a portion of its Proposition 98 obligations by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. In response to a statewide ballot initiative sponsored by affected local agencies, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as "Proposition 1A" at the November 2004 election.

Proposition 1A is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Beginning in Fiscal Year 2008-09, the State will be able to divert up to eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency; (ii) two-thirds of both houses of the Legislature approve the action; (iii) the amount diverted is required by statute to be repaid within three years; (iv) the State does not owe any repayment for past property tax or Vehicle License Fee diversions to local agencies; and (v) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, school and college districts that receive Proposition 98 funding from the State will be more directly dependent upon the State's general fund.

*Allocation of State Funding to Districts.* Under Education Code Section 42238 and following, each school district is 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 ("A.D.A.").

The base revenue limit is 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 is 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 increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

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



The District's 2005-06 base revenue limit per A.D.A. is projected to be \$5,153, compared to \$4,957 for 2004-05. The District's recent A.D.A. history for kindergarten through grade 12 (K-12), including special education and excluding charter schools, is set forth in the table below:

**Oakland Unified School District  
Total K-12 Average Daily Attendance (P-2)**

Fiscal Year	Average Daily Attendance
1999-00	50,255
2000-01	49,349
2001-02	48,135
2002-03	46,290
2003-04	44,037
2004-05 (projected)	41,870
2005-06 (projected)	40,022

In its 2005-06 adopted budget, the District estimates that it will receive \$220,723,444 in aggregate revenue limit income, or approximately 56% of its general fund revenues. This amount represents a decrease of less than 1% from the \$221,482,579 that it received in Fiscal Year 2004-05. For discussion of the recent historical trend of declining A.D.A., see "Charter Schools" below. Other state revenues are budgeted to be \$83,773,322. The District also expects to receive a small portion of its budget (\$141 per A.D.A. or about 1.5% of the total general fund revenue) 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.

Although the District adopted its own 2005-06 budget after the adoption of the State budget, certain adjustments may have to be made throughout the year based on actual State funding and actual attendance. The District cannot make any predictions regarding whether the State will make additional cuts or enhancements to education funding during Fiscal Year 2005-06. In addition, the District's budgeted A.D.A. is an estimate used for planning purposes only, and does not represent a prediction as to the actual attendance or the District's actual funding level for 2005-06.

**Local Sources of Education Funding**

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives 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 are known colloquially as "basic aid districts". Districts that receive some equalization aid may be referred to as "revenue limit districts."

The District is not a "basic aid district". Local property tax revenues account for approximately 23% of the District's aggregate revenue limit income, and are budgeted to be \$50,293,065, or 13% of total general fund revenue in Fiscal Year 2005-06. The County is a "Teeter Plan" county, which means that the District is made whole for any delinquencies in payment of property taxes by local property owners. Property tax levy and collection procedures (including the Teeter Plan) are discussed under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Tax Rates, Levies, Collection and Delinquencies" in the front portion of this Official Statement. 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" herein.

## **Parcel Tax**

On November 6, 2001, voters in the District approved a qualified special tax (parcel tax) of \$123 per parcel for five years. Tax proceeds were authorized to be used to reduce class sizes, improve teacher salaries, purchase textbooks and materials, improve math, science, fine arts programs and libraries, improve safety and provide resources for underachieving students in district programs, and provide job training. An exemption was provided for qualifying low income parcel owners. The parcel tax was set to expire on June 30, 2007.

On March 2, 2004, voters in the District approved an increase and extension of the parcel tax, to \$195 per parcel, beginning on July 1, 2004, and expiring on June 30, 2009. The measure authorizes the parcel tax to be used to attract and retain qualified credentialed teachers, to maintain elective courses for students needing to qualify for college admission, to purchase textbooks and materials, to maintain libraries, music and arts programs, to maintain reduced class sizes, and to continue after school academic programs. No moneys are authorized to be used for administrative costs. In 2004/05, the District received revenue of approximately \$19.4 million from the combined parcel tax.

## **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

For so long as the District is under the control of the State Administrator, the office of the Controller of the State of California serves as independent auditor to the District. Under state law, school districts are required by law to adopt their audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year. The District has not received or adopted audited financial statements for Fiscal Year 2003-04. The Controller is currently performing an audit of the District's financial statements for Fiscal Year Ended June 30, 2004. The unaudited financial statements for Fiscal Year 2003-04 are attached hereto as APPENDIX B. Upon completion of the audited financial statements for Fiscal Year 2003-04 by the Controller and the approval thereof by the District, such audited financial statements will be submitted to each Nationally Recognized Municipal Securities Information Repository pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "OTHER LEGAL MATTERS - Continuing Disclosure" in the front portion of this Official Statement.

The District is currently appealing findings made by the Controller with respect to the District's Fiscal Year 2002-03 audited financial statements. See "Other Audit Findings" below.

## **Fiscal Year 2002-03 Audit Findings**

On June 18, 2004, the Office of the Controller of the State of California completed an audit of the Fiscal Year 2002-03 financial reports of the District (the "Fiscal Year 2002-03 Audit"). The Fiscal Year 2002-03 Audit identified insufficiencies in accounting, record-keeping and supporting data that prohibited the Controller from rendering an opinion as to the accuracy of significant portions of the District's financial reports, including amounts reported for fixed assets, cash, accounts receivable, accounts payable, expenditures, revenues, restricted fund balances and deferred revenue. In addition, the Controller identified certain matters involving internal control over financial reporting and District operations that it considered reportable, resulting in 120 separate findings. Among the findings, the Controller disallowed and required repayment of approximately \$37 million in prior year state funds.

The District has agreed to comply with most of the findings of the Fiscal Year 2002-03 Audit, however it has also requested waiver of one finding, sought legal opinions regarding three findings, and filed an appeal with the Education Audit Appeals Panel contesting nineteen findings of the Fiscal Year 2002-03 Audit. As a result of the appeals, the District believes it has reached settlement with the Controller (but has no written confirmation) to resolve findings representing approximately \$16 million. The District has requested waiver with respect to findings

representing approximately \$2.3 million. The remaining findings representing approximately \$18.5 million remain under appeal. The District can not make a prediction as to the final outcome of the findings pending resolution.

While the Recovery Plan and the District's 2005-06 adopted budget take into account the District's declining enrollment and revenue pattern (see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - District Budget Process and County Review" and "- Charter Schools" herein), they do not allow for the possible unfavorable outcome of appeals currently pending against certain findings made by the Controller in the Fiscal Year 2002-03 Audit. An adverse determination with respect to the District's appeals could in turn cause the District not to achieve fiscal solvency through the Recovery Plan.

### **Fiscal Year 2003-04 Audit of District Financial Statements**

The financial information presented in APPENDIX B relating to Fiscal Year 2003-04 represents the unaudited financial reports of the District, the most recent fiscal year for which audited or unaudited actual financial information is available. The California State Controller's Office (the "Controller") is performing an audit of the District's Fiscal Year 2003-04 financial reports, currently scheduled to be completed during the third quarter of 2005. The Controller may make findings in its final audit report regarding the District's Fiscal Year 2003-04 financial statements that significantly alter the District's stated financial position. See APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - Accounting Practices" herein. Such findings could in turn affect subsequent fiscal years' financial reports and budgets. See APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - District Budget Process and County Review" herein.

The District has received a draft of the Controller's audit report for Fiscal Year 2003-04. The Controller has identified a number of findings, including questioned costs that the District may be required to repay. The District is in the process of reviewing the findings and preparing responses for inclusion in the final audit report. Because the District did not receive the Fiscal Year 2002-03 Audit until after the end of Fiscal Year 2003-04, several of the audit findings contained in the Fiscal Year 2002-03 Audit are also contained in the Fiscal Year 2003-04 draft audit report. The District can make no prediction as to what findings, if any, the Controller will include in its final audit report of the District's Fiscal Year 2003-04 financial statements.

### **Other Audit Findings**

*Operations Audit.* On April 19, 1999, the Board of Education voted to request a comprehensive audit of the District's activities by the Fiscal Crisis and Management Assistance Team ("FCMAT"). On July 7, 1999, the Governor approved Assembly Bill 1115 ("A.B. 1115") authorizing FCMAT to conduct an audit of the District's operations (the "FCMAT Audit") in five functional areas: Community Relations, Personnel Management, Pupil Achievement, Financial Management, and Facilities Management. The FCMAT Audit, completed in January 2000, scored the District across the five functional areas and made recommendations with respect to each for improvement. The District has subsequently taken steps to address the areas of improvement identified in the FCMAT Audit, including the adoption of the Recovery Plan. See "Multiyear Fiscal Recovery Plan" above.

*Bond Fund Audit.* An audit of the Schedules of Revenues and Expenditures of the District's general obligation bond funds for the years ended June 30, 2002 and June 30, 2001 (the "Bond Fund Audit") was completed on December 31, 2003 by Thompson, Cobb, Bazillo & Associates, PC (the "Bond Fund Auditors"). The Bond Fund Auditors found evidence of reportable conditions relating to internal controls over financial reporting and operation of the District's Building Fund. The Bond Fund Audit reported ten findings, including recommendations for addressing each finding. Finding 2002-7 stated that \$14,360,804 were applied to the payment of other District long-term debt for capital projects, and not for voter-authorized bond purposes. The District has reimbursed the Building Fund in response to Finding 2002-7. The District has also responded to each of the remaining findings of the Bond Fund Audit and taken appropriate corrective measures.

*Financial Practices Audit.* On November 9, 2004, MGT of America, Inc. completed an audit of the financial accounting practices and budgeting process of the District (the "A.B. 139 Audit") in response to the request

of the County Superintendent pursuant to the provisions of Assembly Bill 139, approved on October 8, 2001 ("A.B. 139") which authorizes a county superintendent to review or audit a school district if there is reason to believe that fraud, misappropriation of funds or other illegal fiscal practices may have occurred. In disapproving the District's Fiscal Year 2002-03 budget, the County Superintendent expressed concerns about the District's past accounting and budgeting practices that led to its financial condition.

The A.B. 139 Audit was subsequently initiated, and was framed as independent inquiries into nine different aspects of accounting, financial controls or budgeting. The A.B. 139 Audit determined that the District took several actions that had the effect of misrepresenting the true financial position of its General Fund. In addition, the A.B. 139 Audit determined that inadequate internal controls over many of its operations created an environment in which fraud or other inappropriate activities could have occurred or could subsequently occur without being detected. In response to the findings of the A.B. 139 Audit, the State Administrator has taken actions to correct the practices identified in the A.B. 139 Audit and to improve internal controls over processes such as budgeting, personnel and payroll, contracting, and procurement, as well as improve controls over cash receipts at school sites. For a description of corrective actions that have been taken to date, see "Multiyear Fiscal Recovery Plan" above.

*Further Information.* A copy of the A.B. 139 Audit is available electronically on the MGT of America, Inc. website at: [www.mgtamer.com](http://www.mgtamer.com). A copy of the FCMAT Audit is available electronically on the FCMAT website at: [www.fcmat.org](http://www.fcmat.org), by clicking "FCMAT Comprehensive Assessments, Recovery Plans, and Special Legislative Assignments". The information referred to is prepared by the respective organizations 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.

#### **District Budget Process and County Review**

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

Under current law, a school district governing board must adopt and file with the County Superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Alameda County Superintendent of Schools. The County Superintendent and the State Department of Education granted an extension to the District for the 2005-06 Budget adoption. The District adopted its budget for the Fiscal Year 2005-06 on July 27, 2005.

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

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's 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 ("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. The District certified its budget for Fiscal Year 2005-06 as negative.

The District has certified each annual budget and each interim financial report as negative since the County Office of Education rejected its Fiscal Year 2002-03 budget.

### **District Expenditures**

The following table summarizes the District's actual, unaudited actual, estimated actual and budgeted general fund revenues, expenditures and fund balances for Fiscal Years 2002-03 through 2005-06, respectively.

**Oakland Unified School District  
2002-03 through 2005-06 General Fund  
Revenues, Expenditures and Fund Balances**

	2002-03 Actual <sup>(1)</sup>	2003-04 Unaudited Actual <sup>(2)</sup>	2004-05 Estimated Actual <sup>(3)</sup>	2005-06 Budget <sup>(4)</sup>
<b>Revenue/Receipts</b>				
Revenue Limit Sources:				
State Aid	\$198,237,397	\$177,145,532	\$171,265,509	\$170,430,379
Property Taxes	43,794,268	48,914,945	50,217,070	50,293,065
Federal Revenue	47,073,293	53,779,556	77,418,957	55,754,760
Other State Revenue	110,816,253	101,411,516	96,669,796	83,773,322
Other Local Revenue	17,005,861	19,133,804	27,829,536	30,930,294
<b>TOTAL</b>	<b>416,927,072</b>	<b>400,385,353</b>	<b>423,400,869</b>	<b>391,181,820</b>
<b>Expenditures/Disbursements</b>				
Certificated Salaries	200,958,606	171,046,345	172,284,571	162,597,041
Classified Salaries	64,846,873	56,261,869	54,506,132	53,451,643
Employee Benefits	78,210,405	78,209,655	79,016,214	74,059,401
Books and Supplies	16,412,548	25,580,198	46,185,963	40,173,482
Services/Other Operating Expenditures	63,446,532	60,083,217	75,146,790	49,198,108
Capital Outlay	1,125,212	950,918	594,436	2,013,600
Other Outgo	13,663,767	12,091,215	11,441,219	13,163,599
Transfers of Direct/Indirect Support Costs	(1,452,455)	(820,724)	(1,850,107)	(1,991,139)
<b>TOTAL</b>	<b>437,211,488</b>	<b>403,402,663</b>	<b>437,325,220</b>	<b>392,665,736</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,284,416)	(3,017,310)	(13,924,351)	(1,483,916)
<b>OTHER FINANCING SOURCES/ (USES)</b>				
Transfers In/ Other Sources	73,522	2,765,591	2,284,771	2,195,643
Transfers Out/ Other Uses	(4,019,226)	(6,617,121)	(4,707,171)	(3,772,888)
State Emergency Apportionment Loan	65,000,000			7,000,000
<b>TOTAL</b>	<b>61,054,294</b>	<b>(3,851,530)</b>	<b>(2,422,400)</b>	<b>5,422,755</b>
Revenues/Other Sources Over (Under) Expenditures/Other Uses	40,769,878	(6,868,840)	(16,346,751)	3,938,839
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>(21,680,008)</b>	<b>19,089,870</b>	<b>11,844,828</b>	<b>(4,501,922)</b>
Adjustments/Restatements		(376,200)		
<b>FUND BALANCE, END OF YEAR</b>	<b>19,089,870</b>	<b>11,844,829</b>	<b>(4,501,923)</b>	<b>(563,083)</b>

<sup>(1)</sup> Excerpted from the District's audited financial statements 2002-03 prepared by the State Controller. Note, General Fund revenues and other sources exceeded expenditure and other uses by \$40,769,878 due to a \$65,000,000 emergency apportionment loan from the State. Without the State loan, the District would have ended the year with a negative fund balance of (\$45,910,130).

<sup>(2)</sup> Unaudited financial reports, adopted September 15, 2004, as amended on December 15, 2004.

<sup>(3)</sup> Estimated actual financial reports, as of July 27, 2005.

<sup>(4)</sup> 2005-06 Budget, adopted July 27, 2005. Includes additional draw on emergency apportionment loan of \$7,000,000.

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its 2005-06 budget, the District projects that it will expend \$290,108,085 in salaries and benefits, or approximately 74% of its general fund expenditures. This amount represents a decrease of approximately 5% from the \$305,806,918 the District expended in 2004-05.

Of the District's approximately 5,100 employees, 4,787 employees are represented by various labor organizations as shown in the table below. The remainder are not represented by any formal bargaining unit.

**Oakland Unified School District  
Labor Organizations**

<u>Labor Organization</u>	<u>Number of Employees</u>	<u>Contract Expiration</u>
American Federation of State, County and Municipal Employees, Local 257	656	June 30, 2008
Building & Construction Trades Council of Alameda County	80	*
Oakland American Federation of Teachers, Local 771	129	June 30, 2006
Oakland Child Development Paraprofessional Association	148	*
Oakland Education Association	2,627	*
Service Employees International Union, Local 790	917	*
Brotherhood of Teamsters, Warehouse Mail Order, Retail Employees, Local 853	3	*
Brotherhood of Teamsters, Auto Truck Drivers, Local 70	6	*
United Administrators of Oakland Schools	221	June 30, 2006

\* Contract negotiations currently pending.

*Retirement Systems.* The District participates in the State Teachers' Retirement System ("STRS") for all full-time and some part-time certificated employees. Each school district is required by statute to contribute 8.25% of eligible employees' salaries to STRS on a monthly basis. Employees are required to contribute 8% of eligible salary. The State is required to contribute as well. The District's employer contribution to STRS was approximately \$13.3 million for Fiscal Year 2004-05 and is budgeted at approximately \$17.4 million in Fiscal Year 2005-06.

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified-employees. For many years, school districts were not required to contribute to CalPERS due to favorable investment of CalPERS funds, but beginning in 2002-03, the District was required to contribute toward CalPERS, at a State-determined percentage of CalPERS-eligible salaries. For Fiscal Year 2005-06, the contribution percentage is 13.02%. In Fiscal Year 2005-06, the total contribution is budgeted at approximately \$4.4 million, compared to a fiscal year 2004-05 expense of approximately \$5.3 million.

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.

The District contributes to the Public Agency Retirement System (PARS), a plan that covers part-time, seasonal, and temporary employees and all employees not covered by another retirement system. All eligible employees are covered by the plan and are fully vested. Employer liabilities are limited to the amount of current contributions. PARS is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.5% of covered compensation of eligible employees are made by the District. The District's contribution to PARS is approximately \$100,000.

*Post-Employment Benefits:* The District offers health insurance, dental care and vision benefits only to certain employees who participated in early retirement incentive programs. The employees must meet certain age

and service requirements for eligibility. Such benefits are authorized through various District health collective bargaining agreements. Annual premiums are based on rates set by the health carriers with whom the District contracts. The amount of the District's contribution towards such annual premiums per employee is determined according to the collective bargaining agreements. The District recognizes the cost of providing those benefits and related administrative costs when paid. As of June 30, 2005, there were approximately 150 retirees receiving benefits. Such payments for retired employees totaled less than \$50,000 during the year ended June 30, 2005. The District's obligations will end in 2011.

*Accrued Vacation and other Obligations:* The District had accumulated unpaid employee vacation time valued at \$3,021,240 as of June 30, 2004. Sick leave benefits are not recognized as a liability; however the District does allow sick leave to count for service credit in calculation of retirement benefits for certain STRS and CalPERS employees.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 2% of its total general fund expenditures, based on total student attendance. Legislation enacted in connection with the 2003-04 State budget negotiations has granted school districts greater flexibility in the funding and use of these and certain other reserved funds. In 2003-04 and 2004-05, the District was only required to maintain a reserve for economic uncertainties in the amount of 1.0% of its total expenditures. Due to the District's current fiscal situation, the District has no reserve for economic uncertainty.

As a condition to receiving State modernization or construction funds, the District also agrees to fund a restricted maintenance reserve account in the General Fund each year for 20 years of at least 3% of its general fund budget. As a result of 2003-04 State budget legislation, in 2004-05, the District was only required to fund the maintenance reserve to 2% of its total expenditures. The District has budgeted a maintenance reserve contribution in Fiscal Year 2005-06 of 3%.

### **Insurance, Risk Pooling and Joint Powers Arrangements**

The District participates with other Alameda County school districts in the Schools Excess Liability Fund (SELF) joint powers agreement. SELF provides the District with excess workers' compensation and excess general liability insurance. The District pays premiums commensurate with the level of coverage requested. The excess workers' compensation policy was purchased with a self-insured retention amount of \$350,000 per occurrence and coverage for individual claims to the statutory maximum per occurrence. The excess liability policy was purchased with a self-insured retention amount of \$1,000,000 per occurrence and coverage for individual claims to \$14,000,000 per occurrence.

The District participates in a joint venture under a joint powers agreement with the Schools Association for Excess Risk (SAFER) for property insurance. The SAFER property insurance coverage limit is \$250,000,000 per occurrence with a self-insured retention of \$250,000. During fiscal year 2005-06, the district has budgeted for payment of premiums of \$553,643 for property insurance coverage.

The Oakland/Alameda Regional Occupation Program (ROP) was formed by a joint powers agreement between the District and the Alameda Unified School District (the participant districts). The ROP is governed by an appointed board of directors and is an entity separate and distinct from each of the participant districts. The purpose of the ROP is to provide entry-level occupational training to youths and adults residing in the participant districts. The ROP is funded by state apportionment monies based on average daily attendance reported to the State by each participant district. Apportionment monies are received from the State by the participant districts and transferred to the ROP. The ROP has no fixed assets and no employees. The participant districts allocate actual certificated and classified salaries, employee benefits, and indirect costs to the ROP.

The District participates in the Chabot Observatory and Science Center (COSC), a joint powers authority established to provide quality science education to members of the Oakland community. The joint powers board consists of the District, the East Bay regional parks, and the City of Oakland. Each member has a representative on the board, which governs the management and financing of the COSC.



## Charter Schools

Twenty-six charter schools serving grades K-12 operate within the District. Total charter school enrollment is estimated to be 7,643, as of the Fiscal Year 2005-06. Charter schools receive revenues from the State and from the District for each student enrolled, and thus cause a reduction in revenues available for students enrolled in District schools. However, per pupil expenditures of the District also decrease based upon the number of students enrolled in charter schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

Since the Fiscal Year 2000-01, new charters for new charter schools have been approved each year.

<u>Fiscal Year</u>	<u>Total charter school enrollment</u>
2000-01	1,130
2001-02	1,418
2002-03	2,025
2003-04	2,486
2004-05	4,030
2005-06*	7,643

\* Projected.

## District Debt Structure

*Tax and Revenue Anticipation Notes.* The District has not issued Tax and Revenue Anticipation Notes (TRANs) since Fiscal Year 2001-02. Prior year issues are shown in the table below. No notes are currently outstanding. School district TRANs are an obligation of the general fund.

<u>Issuance Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Due Date</u>
11/18/99	\$35,000,000	4.00%	3.65%	11/17/00
10/12/00	\$40,000,000	4.50%	3.65%	10/11/01
10/25/01	\$40,000,000	3.00%	2.15%	10/24/02

The District did not complete the issuance of its 2002-03 TRAN. See "SPECIAL INVESTOR CONSIDERATIONS - Recent Financial History of the District" above.

*State of California Emergency Apportionment Loan.* On May 30, 2003, the Governor approved S.B. 39, which provided an emergency apportionment loan to the District of up to \$100,000,000 as a floating line of credit, to be drawn as the State Administrator and FCMAT jointly determine is needed to meet District obligations, including operating costs. As of June 30, 2005, the District had drawn \$65,000,000 of the emergency apportionment loan amount. The legislation requires the District to repay the loan over a 20-year term with interest, determined at a rate of 1.778%. If the District fails to make a payment, the Controller is directed to withhold the funds from the District's next scheduled apportionment of Proposition 98 State aid. The District has made two annual payments totaling \$5.5 million in principal. Future scheduled loan repayments can be found in the table below:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$2,832,949	\$1,057,585	\$3,890,534
2007	2,883,319	1,007,215	3,890,534
2008	2,934,585	955,949	3,890,534
2009-2013	15,474,380	3,978,290	19,452,670
2014-2018	16,899,848	2,552,822	19,452,670
2019-2023	<u>18,456,626</u>	<u>996,042</u>	<u>19,452,668</u>
Total	\$59,481,707	\$10,547,903	\$70,029,610

*Refunding of State Emergency Apportionment Loan.* On August 12, 2005, the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") approved issuance of its State School Fund Apportionment

Lease Revenue Bonds, Series 2005, the proceeds of which will be used in part to repay to the State's general fund the outstanding amount of the District's emergency apportionment loan, and convert that loan into a lease-financing obligation of the District. The District will be required to make rental payments to the Infrastructure Bank on identified property of the District. The District's rental payments will secure and be used to pay the Infrastructure Bank's bonds. The District's obligation to make the rental payments is identical to the scheduled debt service payments on the emergency apportionment loan. Payments will be made directly by the State from funds intercepted from the State's annual apportionments to the District.

The District's ability to draw down the remaining portion of the \$100 million emergency apportionment loan is contingent upon the approval of both the State Administrator and FCMAT. If the District were to draw down any or all of the remaining portion of the emergency apportionment loan, the Infrastructure Bank is authorized to issue an additional series of refunding bonds, to prepay the amount drawn, and convert the new portion of the loan to a lease financing.

*General Obligation Bonds.* The District was authorized by its voters at an election held on November 8, 1994 to issue bonds of the District in an aggregate principal amount not to exceed \$169,730,000 to repair, renovate, acquire, and construct school facilities. All of the bonds authorized by the 1994 election have been issued. The following table shows bonds issued and outstanding, as of August 1, 2005.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal<sup>(2)</sup></u>	<u>Year of Issue</u>
Series A	\$30,515,639.50	\$0.00	1995
Series B	9,999,977.00	5,334,325.50	1997
Refunding Series C	35,961,738.10 <sup>(1)</sup>	34,136,483.20	1998
Series D	5,999,276.75	3,463,398.60	1998
Series E	10,000,000.00	9,235,000.00	1999
Series F	75,000,000.00	61,875,000.00	2000
Series 2001	<u>38,215,106.75</u>	<u>35,167,100.00</u>	2001
TOTAL	\$205,691,738.10	\$149,211,307.30	

Total counting toward  
authorization: \$169,730,000.00<sup>(1)</sup>

<sup>(1)</sup> Refunding bond principal not counted against voted authorization.

<sup>(2)</sup> Accreted values of interest accrued but not due until maturity are not included.

The District received a second authorization at the March 7, 2000 election to issue \$303,000,000 in general obligation bonds. The 2005 Bonds are the third series of authorized bonds to be issued. The following table shows bonds issued and outstanding, as of August 1, 2005.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series 2001	\$61,999,893.25	\$57,377,900.00	2001
Series 2002	<u>100,000,000.00</u>	<u>99,445,000.00</u>	2002
TOTAL	\$161,999,893.25	\$156,822,900.00	

An audit of the Schedules of Revenues and Expenditures of the District's general obligation bond funds for the years ended June 30, 2001 and June 30, 2002, was completed on December 31, 2003. The findings of the Bond Audit are described in "- Other Audit Findings" above.

Voter-approved bonds are payable from an unlimited *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. The District general fund is not pledged to repayment of these bonds. See "THE BONDS - Annual Debt Service" in the front portion of this Official Statement for a description of principal and interest owed on all bonds outstanding.

*Certificates of Participation.* The District has caused certificates of participation to be issued from time to time in various lease obligations payable from the general fund of the District for capital improvements. The following table shows certificates issued and outstanding, as of August 1, 2005:

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series G	\$37,325,000	\$13,045,000	1999
Series H	12,565,000	9,065,000	1999
Series J	4,690,000	3,125,000	2002
TOTAL	\$54,580,000	\$25,235,000	

*State School Building Aid Loan.* The State School Building Aid Loans, with a weighted average interest rate of 5.22%, represent unpaid portions of loans made under provisions of State law for facilities construction at secondary schools. Repayments to the State School Building Aid Fund are based on a statutory formula with both repayments and interest charges being computed by the State Controller. The Controller directs the County to levy a tax at a specified rate in each year on all taxable real property in the District. If repayment of the loan computed under the statutory formula is insufficient to completely repay the loan within a thirty year period, the remaining balance is cancelled by law. The outstanding principal amount of the State School Building Aid Loan for secondary schools as of July 1, 2005 was \$178,143.50 and the scheduled debt service principal payment for Fiscal Year 2005-06 is \$79,237.67.

### **Capital Financing Plan**

The District continues to implement an ongoing educational facilities modernization and construction program financed primarily through the issuance of its general obligation bonds. The District currently has planned modernization and construction projects through Fiscal Year 2006-07 totaling approximately \$210 million. Sources of funds for the current capital projects include proceeds of the Bonds (\$141 million), proceeds of prior series of general obligation bonds (approximately \$16 million), State matching funds (approximately \$35 million), and developer fees (approximately \$6 million). Based upon the availability of State matching funds, total capital financing sources may not be sufficient to complete all planned projects through Fiscal Year 2006-07. Projects will be modified or postponed accordingly, based upon the availability of such funds.

During Fiscal Year 2004-05, the District began a comprehensive facilities needs assessment that is currently in process. Total future educational facilities construction and modernization needs are currently estimated at approximately \$447 million.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

*Article XIII A of the California Constitution.* Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (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. The tax for payment of the District's bonds falls within the exception for bonds approved by two-thirds vote.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property.

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

*Article XIII C and Article XIII D of the California Constitution.* On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, 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. Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIII C also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes or to otherwise interfere with performance of the duty of the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are restricted as to use and are neither pledged nor available to pay the Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

## Expenditures and Appropriations

*Article XIII B of the California Constitution.* In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

In Fiscal Year 2003-04, the District had an appropriations limit of \$350,769,472 and appropriations subject to the limit of \$255,387,873.96. For Fiscal Year 2004-05, the District budgeted an appropriations limit of \$364,665,724.

*Future Initiatives.* Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 98 and 111, 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**

**EXCERPTS FROM UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Exhibit A

RESOLUTION  
OF THE  
STATE ADMINISTRATOR  
OF THE  
OAKLAND UNIFIED SCHOOL DISTRICT

Resolution No. 0405-0068

**Amended Statement of All Receipts and Expenditures of the District for Fiscal Year  
2003-2004  
(Amended Closing of the Books for 2003-2004 Fiscal Year)**

WHEREAS, Education Code Section 42100 requires that the governing board of each school district shall approve the annual statement of receipts and expenditures of the District for the preceding fiscal year; and

WHEREAS, Education Code Section 42100 also requires that the approved statement be filed with the County Superintendent of Schools; and

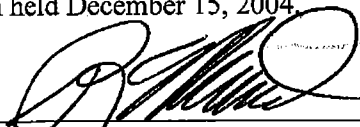
WHEREAS, subsequent to the District's initial adoption and filing of the Closing of the Books Statement for 2003-2004 Fiscal Year, on September 15, 2004, there has been a reversal of the Title I contribution of \$5.9 million to the Special Education Program, changing the General Fund ending balance from a positive \$1.5 million to a negative \$3.9 million and affecting the following Reports:

		Page
Form CA:	District Certification	1-2
Form CEA:	Current Expense Formula	3
Form ICR:	Indirect Cost Rate Worksheet	4-5
Form PCRAF:	Schedule of Allocations Factors	6
Form PCR:	Program Cost Report	7-11
Form 01:	General Fund 01 Report	12-26
Form MOE:	Maintenance of Effort (Sp ED)	27-44
Form TRC:	Technical Review Checks	45-51

NOW, THEREFORE, BE IT RESOLVED that the State Administrator of the Oakland Unified School District does hereby approve an Amended Statement of All Receipts and Expenditures of the District's Unaudited Actuals, as modified and reflected by the reports attached, for Fiscal Year 2003-2004; and

BE IT FURTHER RESOLVED that the State Administrator hereby authorizes the filing of the said reports, effectively amending the District's 2003-2004 Unaudited Actuals Statement with the Alameda County Superintendent of Schools.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution adopted by the State Administrator at a publicly noticed meeting of the State Administrator and/or the Board of Education held December 15, 2004.



---

Randolph E. Ward, Ed.D.  
State Administrator

Resolution No. 0405-0068

UNAUDITED ACTUAL FINANCIAL REPORT:

To the County Superintendent of Schools:

(  ) 2003/04 UNAUDITED ACTUAL FINANCIAL REPORT. This report is hereby filed by the governing board of the school district. (Pursuant to E.C. 42100)

Signed \_\_\_\_\_

Date of Meeting: Nov. 17, 2004

Clerk/Secretary of the Governing Board  
(Original signature required)

To the Superintendent of Public Instruction:

(  ) 2003/04 UNAUDITED ACTUAL FINANCIAL REPORT. This report has been verified for accuracy by the County Superintendent of Schools. (Pursuant to E.C. 42100)

Signed \_\_\_\_\_

Date: \_\_\_\_\_

County Superintendent/Designee  
(Original signature required)

For additional information on the unaudited actual reports, please contact:

County Office of Education

School District

Susan Spaay

Gloria Gamblin

Name

Name

Director, External Services

Deputy Supt, Business Services

Title

Title

(510) 670-4258

(510) 879-4661

Telephone

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susans@acoe.k12.ca.us

gloria.gamlin@secmail.ousd.k12.ca.us

E-mail Address

E-mail Address

SELECTION OF BUDGET ADOPTION CYCLE:

Pursuant to E.C. 42127 (i), this school district elects to use the following budget adoption cycle for the 2005/06 budget year:

(  ) Budget Adoption Cycle ('D' for Dual or 'S' for Single)

Exhibit B

Oakland Unified  
Alameda County

Unaudited Actuals  
**FINANCIAL REPORTS**  
2003/04 Unaudited Actuals  
Summary of Unaudited Actuals Data Submission

01 61259 000000  
Form CA

Following is a summary of the critical data elements contained in your unaudited actuals data. Since this data may have fiscal implications for your agency, please verify the accuracy of this data before filing your unaudited actual financial reports with your reporting agency.

Form	Description	Value
CEA	Percent of Current Cost of Education Expended for Classroom Compensation (Must equal or exceed 60% for elementary, 55% for unified, and 50% for high school districts or future apportionments may be affected.)	55.15%
	CEA Deficiency Amount (Applicable to districts not exempt from the requirement and not meeting the minimum classroom compensation percentage - see Form CEA for further details.)	\$0.00
CORR	Total Cost for the Education of Adults in County Correctional Facilities (If the amount received for this program exceeds actual costs, the next apportionment is subject to reduction [EC 1909, 41841.5].)	
DAY	Excess Program Revenues (Must spend 90% of revenues on direct instructional and documented support costs [EC 48660.2]. A positive number here indicates that less than 90% was spent, subjecting the next apportionment to reduction.)	
GANN	Adjustments to Appropriations Limit Per Government Code Section 7902.1 (If this amount is not zero, it represents an increase to your appropriations limit. The Department of Finance must be notified of increases within 45 days of budget adoption.)	\$0.00
	Adjusted Appropriations Limit	\$350,769,472.43
	Appropriations Subject to Limit (These amounts represent the board approved Appropriations Limit and Appropriations Subject to Limit pursuant to Government Code Section 7906 and Education Code Section 42132.)	\$255,393,686.40
ICR	Indirect Cost Rate (Fixed with Carry Forward Indirect Cost Rate for use in 2005/06, subject to CDE approval.)	6.49%
ROP	Amount in Excess of Allowable Contribution (Contributions must not exceed 15% of expenditures [EC 52321(b)]. A positive number here indicates that more than 15% was contributed, subjecting the next apportionment to reduction.)	
	Amount in Excess of Allowable Ending Balance (Net ending balance must not exceed 15% of expenditures [EC 52321(c)(1)]. A positive number here indicates that the ending balance exceeds 15% of expenditures, subjecting the next apportionment to reduction.)	
TRAN	Approved Transportation Expense - Home-to-School (If the amount received for this program, including supplemental grant add-on, exceeds actual costs, the next apportionment is subject to reduction [EC 41851(c)].)	\$2,442,570.84
	Approved Transportation Expense - SH/OH (If the amount received for this program exceeds actual costs, the next apportionment is subject to reduction [EC 41851.5(c)].)	\$7,358,960.09

Current Expense Formula/Minimum Classroom Compensation

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides) (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	171,046,315.48	301	0.00	303	171,046,315.48	305	6,577,397.18	1,850,141.00	307	169,196,174.48	309
2000 - Classified Salaries	56,261,868.98	311	284,630.74	313	55,977,238.24	315	515,698.24	279,813.33	317	55,697,624.91	319
3000 - Employee Benefits (Excluding 3800)	77,538,254.22	321	287,497.39	323	77,288,756.83	325	393,499.90	381,354.48	327	76,887,402.37	329
4000 - Books, Supplies Equip Replace. (6500)	25,580,733.61	331	2,762.50	333	25,577,981.11	335	4,284,014.01	1,555,825.00	337	24,022,156.11	339
5000 - Services... & (7300) Direct Support	59,262,492.98	341	9,054,708.11	343	50,207,784.87	345	11,763,315.61	20,432,432.73	347	29,775,362.14	349
<b>TOTAL</b>					<b>380,078,076.53</b>	<b>365</b>			<b>TOTAL</b>	<b>355,578,710.01</b>	<b>389</b>

Note 1 - In Column 2, report expenditures for the following programs: Nonagency, Community Services, Food Services, Fringe Benefits for Retired Persons, and Facilities Acquisition & Construction.

Note 2 - In Column 4, report expenditures for: Transportation, Lottery Expenditures, Special Education Students in Nonpublic Schools, and other federal or state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of E.C. Section 41372.

PART II: MINIMUM CLASSROOM COMPENSATION (Function 1000-1999)	Object	EDP No.
1. Teacher Salaries as Per E.C. 41011	1100	375
2. Salaries of Instruct. Aides Per E.C. 41011	2100	380
3. STRS	3101 & 3102	382
4. PERS	3201 & 3202	383
5. OASDI - Regular, Medicare and Alternative	3301 & 3302	384
6. Health & Welfare Benefits - Teachers & Aides (E.C. 41372) (Include Health, Dental, Vision, Pharmaceutical, and Tuition Plans)	3401 & 3402	385
7. Employment Insurance for Teachers & Instruct. Aides	3501 & 3502	390
8. Workers' Compensation Insurance for Teachers and Instruct. Aides	3601 & 3602	392
9. Other Benefits (E.C. 22310)	3901 & 3902	393
10. SUB - TOTAL Salaries and Benefits (Sum Lines 1 - 9)		395
11. Less: Teacher and Instruct. Aide Salaries and Benefits deducted in Column 2		0.00
12a. Less: Teacher and Instruct. Aide Salaries and Benefits (other than Lottery) deducted in Column 4a		625,074.51
b. Less: Teacher and Instruct. Aide Salaries and Benefits (other than Lottery) deducted in Column 4b		396
13. TOTAL SALARIES AND BENEFITS		196,086,602.51
14. Percent of Current Cost of Education Expended for Classroom Compensation (EDP 397 divided by EDP 389) Line 14 must equal or exceed 60% for elementary, 55% for unified and 50% for high school districts to avoid penalty under provision of E.C. 41372		55.15%
15. District is exempt from E.C. 41372 because it meets the provisions under E.C. 41374. (If exempt, enter 'X')		

PART III: DEFICIENCY AMOUNT

A deficiency amount (line 6) is only applicable to districts not meeting the minimum classroom compensation percentage required under E.C. 41372 and not exempt under the provisions of E.C. 41374.

1. Minimum percentage required (60% elementary, 55% unified, 50% high)	55.00%
2. Percentage spent by this district (Part II, Line 14)	55.15%
3. Percentage below the minimum (Part III, Line 1 minus Line 2)	0.00%
4. District's Current Expense of Education (Part I, EDP 389)	
5. Deficiency Amount (Part III, Line 3 times Line 4)	0.00

**Part I - Classroom Units**

The following information is necessary to determine the percentage of plant maintenance & operations and facilities rents & leases attributable to "central administration" to include in the numerator of the indirect cost rate calculation.

A. Enter the classroom units for: Other General Administration (Functions 7200-7600), Data Processing Services (Function 7700) and Plant Maintenance and Operations (Functions 8100-8400)	411.78
B. Enter the classroom units for: Instruction (Functions 1000-1999), Pupil Transportation (Function 3600), Food Services (Function 3700), Community Services (Functions 5000-5999), and Board and Superintendent (Functions 7100-7180)	2,834.42
C. Total classroom units [A plus B]	3,246.20
D. Percentage of total classroom units attributable to other general administration, data processing services, and plant maintenance & operations [A divided by C]	12.68%

**Part II - Data Processing Services (General Fund)**

The following information is necessary to determine if there are Data Processing Services in the Undistributed goals (0000 and 9000) that should be redistributed from indirect costs to base costs in the indirect cost rate calculation. Enter Data Processing Services in goals 0000 and 9000 for the following support functions:

<b>A. Support Function (Non-Facilities)</b>	
1 Instruction-Related Services (Functions 2000-2999)	_____
Pupil Services (Functions 3000-3999)	_____
3 Ancillary Services (Functions 4000-4999)	_____
4 Community Services (Functions 5000-5999)	_____
5 Board and Superintendent (Functions 7100-7180)	_____
6 Plant Maintenance and Operations (Functions 8100-8400)	_____
7 Total Support Function (Non-Facilities) [A1 through A6]	0.00
<b>B. Support Function (Facilities)</b>	
1 Facilities Acquisition and Construction (Function 8500)	_____
<b>C. Total</b>	
[A7 plus B1] (Cannot exceed total Data Processing Services in goals 0000 and 9000, Function 7700, Objects 1100-5900, 6400, 6500, and 7310-7380)	0.00

4

**Part III - Indirect Cost Rate Calculation (General Fund, except for B10, B11, and B12)**

**A. Indirect Costs**

1	Other General Administration (Functions 7200-7600, Objects 1100-5900, 6400, and 6500)	17,726,194.83
2	Data Processing Services (Goals 0000 and 9000, Function 7700, Objects 1100-5900, 6400, 6500; and 7310-7380, less Item C from Part II Data Processing Services)	0.00
3	Plant Maintenance & Operations (Functions 8100-8400, Objects 1100-5900, 6400, and 6500, times Item D from Part I Classroom Units)	5,368,799.21
4	Facilities Rents & Leases (Function 8700, Object 5600, times Item D from Part I Classroom Units)	0.00
5	Total Indirect Costs [sum A1 through A4]	23,094,994.04
6	Carry Forward Adjustment [A5 plus 2nd prior year carry forward adjustment of \$-7,545,743.16, minus (2nd prior year indirect cost rate of 2.84% times B13)]	3,781,769.94
7	Total Adjusted Indirect Costs [A5 plus A6]	26,876,763.98

**B. Base Costs**

1	Instruction (Functions 1000-1999, Objects 1100-5900, 6400, and 6500)	240,527,687.28
2	Instruction-Related Services (Functions 2000-2999, Objects 1100-5900, 6400, and 6500)	55,527,789.68
3	Pupil Services (Functions 3000-3999, Objects 1100-5900, 6400, and 6500)	30,358,785.73
4	Ancillary Services (Functions 4000-4999, Objects 1100-5900, 6400, and 6500)	1,162,493.44
5	Community Services (Functions 5000-5999, Objects 1100-5900, 6400, and 6500)	250,540.88
6	Board and Superintendent (Functions 7100-7180, Objects 1100-5900, 6400, and 6500)	4,209,836.86
7	Data Processing Services (Goals 0001-8999, Function 7700, Objects 1100-5900, 6400, 6500, and 7310-7380, plus item A7 from Part II Data Processing)	0.00
8	Plant Maintenance & Operations (Functions 8100-8400, Objects 1100-5900, 6400, and 6500 minus A3)	36,971,888.58
	Facilities Rents & Leases (Function 8700, Object 5600, minus A4)	0.00
10	Adult Education (Fund 11, Objects 1100-5900)	10,929,055.62
11	Child Development (Fund 12, Objects 1100-5900)	19,673,715.55
12	Cafeteria (Funds 13 and 61, Objects 1100-5900)	14,736,126.70
13	Total Base Costs [Sum B1 through B12]	414,347,920.32

**C. Straight Indirect Cost Percentage Before Carry Forward Adjustment (For information only - not for use when claiming/recovering indirect costs)**  
[A5 divided by B13]

5.57%

**D. Indirect Cost Rate (Fixed with carry-forward rate, for use in 2005/06)**  
[A7 divided by B13] (Subject to CDE approval)

6.49%

Unaudited Actuals  
2  
Gen. and  
Program Cost Report  
Schedule of Allocation Factors (AF)

	----- Teacher Full-Time Equivalents -----				----- Classroom Units -----		Pupils Transported	Work Stations
	Supervision of Instruction (Functions 2100-2200)	Library, Media, Technology and Other Instructional Resources (Functions 2420-2495)	School Administration (Function 2700)	Pupil Support Services (Functions 3100-3199 & 3900)	Plant Maintenance and Operations (Functions 8100-8400)	Facilities Rents and Leases (Function 8700)	Pupil Transportation (Function 3600)	Data Processing Services (Function 7700)
<b>A. Amount of Undistributed Expenditures, Fund 01, Goals 0000 and 9000 (will be allocated based on factors input)</b>	747,359.90	2,944.95	10,327.43	248,964.90	35,600,739.48	0.00	2,300,867.50	0.00
1. Undistributed Data Processing Services costs attributable to central administration								0.00
2. Enter amount of undistributed DP expenditures to be allocated (if any)								
<b>B. Enter Allocation Factor(s) by Goal:</b> (Note: Allocation factors are only needed for a column if there are undistributed expenditures in line A or line A2.)	FTE Factor(s)	FTE Factor(s)	FTE Factor(s)	FTE Factor(s)	CU Factor(s)	CU Factor(s)	PT Factor(s)	WS Factor(s)
<b>Instructional Goals</b> Description								
0001 Pre-Kindergarten	4.60	4.60	4.60	4.60	100.00			
1110 Regular Education, K-12	2,095.12	2,095.12	2,095.12	2,095.12	2,890.00			
3100 Alternative Schools	4.20	4.20	4.20	4.20				
3200 Continuation Schools	16.45	16.45	16.45	16.45				
3300 Independent Study Centers	14.00	14.00	14.00	14.00				
3400 Opportunity Schools	7.00	7.00	7.00	7.00				
3550 Community Day Schools								
3700 Specialized Secondary Programs								
3800 Vocational Education	16.45	16.45	16.45	16.45				
4760 Bilingual	13.87	13.87	13.87	13.87				
4850 Migrant Education								
5000-5999 Special Education (allocated to 5001)	329.10	329.10	329.10	329.10			2,181.00	
6000 ROC/P								
7110 Nonagency - Educational								
7150 Nonagency - Other								
<b>Other Goals</b> Description								
8100 Community Services								
8500 Child Care and Development Services								
<b>Other Funds</b> Description								
-- Adult Education (Fund 11)					29.00			
-- Child Development (Fund 12)	136.50	136.50	136.50	136.50				
-- Cafeteria (Funds 13 & 61)								
<b>C. Total Allocation Factors</b>	2,637.29	2,637.29	2,637.29	2,637.29	3,019.00	0.00	2,181.00	0.00

6



Goal	Program/Activity	Direct Costs			Central Admin Costs (col. 3 x Sch. CAC line E) Column 4	Other Costs (Schedule OC) Column 5	Total Costs by Program (col. 3 + 4 + 5) Column 6
		Direct Charged (Schedule DCC) Column 1	Allocated (Schedule AC) Column 2	Subtotal (col. 1 + 2) Column 3			
<b>Instructional Goals</b>							
0001	Pre-Kindergarten	13,654.71	1,214,107.42	1,227,762.13	64,817.17		1,292,579.30
1110	Regular Education, K-12	251,056,249.30	35,838,858.30	286,895,107.60	15,146,035.32		302,041,142.92
3100	Alternative Schools	1,267,712.35	1,607.83	1,269,320.18	67,011.14		1,336,331.32
3200	Continuation Schools	1,949,638.05	6,297.33	1,955,935.38	103,259.57		2,059,194.95
3300	Independent Study Centers	1,228,429.98	5,359.42	1,233,789.40	65,135.37		1,298,924.77
3400	Opportunity Schools	716,493.07	2,679.71	719,172.78	37,967.24		757,140.02
3550	Community Day Schools	30,200.00	0.00	30,200.00	1,594.35		31,794.35
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00		0.00
3800	Vocational Education	2,261,439.20	6,297.33	2,267,736.53	119,720.47		2,387,457.00
4110	Regular Education, Adult						0.00
4610	Adult Independent Study Centers						0.00
4620	Adult Correctional Education						0.00
4630	Adult Vocational Education						0.00
4760	Bilingual	7,981,983.85	5,309.66	7,987,293.51	421,672.68		8,408,966.19
4850	Migrant Education	197,201.44	0.00	197,201.44	10,410.84		207,612.28
5000-5999	Special Education	54,059,122.65	2,426,852.29	56,485,974.94	2,982,060.51		59,468,035.45
6000	Regional Occupational Ctr/Prg (ROC/P)	0.00	0.00	0.00	0.00		0.00
7110	Nonagency - Educational	9,234,319.03	0.00	9,234,319.03	487,506.82		9,721,825.85
7150	Nonagency - Other	0.00	0.00	0.00	0.00		0.00
<b>Other Goals</b>							
8100	Community Services	252,182.89	0.00	252,182.89	13,313.48		265,496.37
8500	Child Care and Development Services	12,000.00	0.00	12,000.00	633.52		12,633.52
<b>Other Costs</b>							
---	Food Services					0.00	0.00
---	Enterprise					0.00	0.00
---	Facilities Acquisition & Construction					24,310.35	24,310.35
---	Other Outgo					18,708,336.32	18,708,336.32
<b>Other Funds</b>							
---	Adult Education, Child Development, Cafeteria		403,834.86	403,834.86	2,414,893.20		2,818,728.06
---	Indirect Costs Charged to Other Funds				(820,723.83)		(820,723.83)
---	<b>Total General Fund Expenditures</b>	<b>330,260,626.52</b>	<b>39,911,204.15</b>	<b>370,171,830.67</b>	<b>21,115,307.85</b>	<b>18,732,646.67</b>	<b>410,019,785.19</b>

Unaudited Actuals  
2004  
General Fund  
Program Cost Report  
Schedule of Direct Charged Costs (DCC)

Goal	Type of Program	Instruction (Functions 1000-1999)	Supervision of Instruction (Functions 2100-2200)	Library, Media, Technology and Other Instructional Resources (Functions 2420-2495)	School Administration (Function 2700)	Pupil Support Services (Functions 3110-3160 and 3900)	Pupil Transportation (Function 3600)	Ancillary Services (Functions 4000-4999)	Community Services (Functions 5000-5999)	Data Processing Services (Function 7700)	Plant Maintenance and Operations (Functions 8100-8400)	Facilities Rents and Leases (Function 8700)	Total
Instructional Goals													
0001	Pre-Kindergarten	13,654.71	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	13,654.71
1110	Regular Education, K-12	182,988,403.15	19,736,322.00	3,284,573.95	26,523,995.19	11,741,615.30	81,390.00	1,162,493.44		0.00	5,537,456.27	0.00	251,056,249.30
3100	Alternative Schools	471,501.86	0.00	0.00	(1,050.00)	707,773.35	0.00	0.00		0.00	89,487.14	0.00	1,267,712.35
3200	Continuation Schools	1,113,552.44	0.00	0.00	618,608.27	111,130.64	0.00	0.00		0.00	106,346.70	0.00	1,949,638.05
3300	Independent Study Centers	1,159,293.90	0.00	0.00	18,239.73	50,896.35	0.00	0.00		0.00	0.00	0.00	1,228,429.98
3400	Opportunity Schools	524,219.97	0.00	0.00	145,428.09	46,389.22	0.00	0.00		0.00	455.79	0.00	716,493.07
3550	Community Day Schools	0.00	30,200.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	30,200.00
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
3800	Vocational Education	1,749,628.05	50,664.73	0.00	388,496.37	72,650.05	0.00	0.00		0.00	0.00	0.00	2,261,439.20
4110	Regular Education, Adult												
4610	Adult Independent Study Centers												
4620	Adult Correctional Education												
4630	Adult Vocational Education												
4760	Bilingual	5,396,256.81	714,024.14	58,356.37	145,506.19	1,667,840.34	0.00	0.00		0.00	0.00	0.00	7,981,983.85
4850	Migrant Education	76,206.22	7,089.31	113,905.91	0.00	0.00	0.00	0.00		0.00	0.00	0.00	197,201.44
5000-5999	Special Education	37,788,651.14	2,687,135.32	0.00	249,507.31	6,173,330.93	7,153,737.15	0.00		0.00	4,560.40	0.00	54,059,122.65
6000	ROC/P	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
7110	Nonagency - Educational	9,234,319.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,234,319.03
7150	Nonagency - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Goals													
8100	Community Services	0.00	0.00	0.00	0.00	0.00	0.00		250,540.88	0.00	1,642.01	0.00	252,182.89
8500	Child Care and Development Services	12,000.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	12,000.00
<b>Total Direct Charged Costs</b>		<b>240,527,687.28</b>	<b>23,225,435.70</b>	<b>3,456,836.23</b>	<b>28,088,731.35</b>	<b>20,571,826.18</b>	<b>7,237,127.15</b>	<b>1,162,493.44</b>	<b>250,540.88</b>	<b>0.00</b>	<b>5,739,948.31</b>	<b>0.00</b>	<b>330,260,626.52</b>

Unaudited Actuals  
2003/04  
General Fund  
Program Cost Report  
Schedule of Allocated Costs (AC)

Goal	Type of Program	Allocated Costs (Based on factors input on Form PCRAF)				Total
		Full-Time Equivalents	Classroom Units	Pupils Transported	Work Stations	
<b>Instructional Goals</b>						
0001	Pre-Kindergarten	1,760.96	1,212,346.46	0.00	0.00	1,214,107.42
1110	Regular Education, K-12	802,045.75	35,036,812.55	0.00	0.00	35,838,858.30
3100	Alternative Schools	1,607.83	0.00	0.00	0.00	1,607.83
3200	Continuation Schools	6,297.33	0.00	0.00	0.00	6,297.33
3300	Independent Study Centers	5,359.42	0.00	0.00	0.00	5,359.42
3400	Opportunity Schools	2,679.71	0.00	0.00	0.00	2,679.71
3550	Community Day Schools	0.00	0.00	0.00	0.00	0.00
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00	0.00
3800	Vocational Education	6,297.33	0.00	0.00	0.00	6,297.33
4760	Bilingual	5,309.66	0.00	0.00	0.00	5,309.66
4850	Migrant Education	0.00	0.00	0.00	0.00	0.00
5000-5999	Special Education (allocated to 5001)	125,984.79	0.00	2,300,867.50	0.00	2,426,852.29
6000	ROC/P	0.00	0.00	0.00	0.00	0.00
7110	Nonagency - Educational	0.00	0.00	0.00	0.00	0.00
7150	Nonagency - Other	0.00	0.00	0.00	0.00	0.00
<b>Other Goals</b>						
8100	Community Services	0.00	0.00	0.00	0.00	0.00
8500	Child Care and Development Svcs.	0.00	0.00	0.00	0.00	0.00
<b>Other Funds</b>						
--	Adult Education (Fund 11)		351,580.47			351,580.47
--	Child Development (Fund 12)	52,254.39	0.00	0.00		52,254.39
--	Cafeteria (Funds 13 and 61)		0.00			0.00
<b>Total Allocated Costs</b>		<b>1,009,597.17</b>	<b>36,600,739.48</b>	<b>2,300,867.50</b>	<b>0.00</b>	<b>39,911,204.15</b>

Oakland Unified School District Board Record

Unaudited Actuals  
2003/04  
Program Cost Report  
Schedule of Central Administration Costs (CAC)

<b>A. Central Administration Costs in General Fund</b>		
1	Board and Superintendent (Fund 01, Functions 7100-7180, Objects 1000-7999)	4,209,836.86
2	Other General Administration (Fund 01, Functions 7200-7600, Objects 1100-5900, 6400 and 6500)	17,726,194.83
3	Central Administration Data Processing Services (from Form PCRAF, Column WS, Line A1)	0.00
4	<b>Total Central Administration Costs in General Fund</b>	<b>21,936,031.69</b>
<b>B. Direct Charged and Allocated Costs in General Fund</b>		
1	Total Direct Charged Costs (from Form PCR, Column 1, Total)	330,260,626.52
2	Total Allocated Costs (from Form PCR, Column 2, Total)	39,911,204.15
3	<b>Total Direct Charged and Allocated Costs in General Fund</b>	<b>370,171,830.67</b>
<b>C. Direct Charged Costs in Other Funds</b>		
1	Adult Education (Fund 11, Objects 1100-5900)	10,929,055.62
2	Child Development (Fund 12, Objects 1100-5900)	19,673,715.55
3	Cafeteria (Funds 13 & 61, Objects 1100-5900)	14,736,126.70
4	<b>Total Direct Charged Costs in Other Funds</b>	<b>45,338,897.87</b>
<b>D. Total Direct Charged and Allocated Costs (B3 + C4)</b>		<b>415,510,728.54</b>
<b>E. Ratio of Central Administration Costs to Direct Charged and Allocated Costs (A4/D)</b>		<b>5.28%</b>

Unaudited Actuals  
2003/04  
General Fund  
Program Cost Report  
Schedule of Other Costs (OC)

Type of Activity	Food Services (Function 3700)	Enterprise (Function 6000)	Facilities Acquisition & Construction (Function 8500)	Other Outgo (Functions 9000-9999)	Total
Food Services (Objects 1100-5900, 6400, 6500 and 7380)	0.00				0.00
Enterprise (Objects 1100-5900, 6400 and 6500)		0.00			0.00
Facilities Acquisition & Construction (Objects 1100-6500)			24,310.35		24,310.35
Other Outgo (Objects 1000-7999)				18,708,336.32	18,708,336.32
<b>Total Other Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>24,310.35</b>	<b>18,708,336.32</b>	<b>18,732,646.67</b>

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget		Total Fund col. D + E (F)	% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)		
<b>A. REVENUES</b>									
1) Revenue Limit Sources		8010-8099	215,254,193.97	10,806,283.40	226,060,477.37	216,297,475.00	10,046,889.00	226,344,364.00	0.1%
2) Federal Revenue		8100-8299	77,626.37	53,701,929.70	53,779,556.07	0.00	58,243,461.00	58,243,461.00	8.3%
3) Other State Revenue		8300-8599	21,736,555.09	79,674,960.46	101,411,515.55	20,240,182.00	64,617,868.00	84,858,050.00	-16.3%
4) Other Local Revenue		8600-8799	14,384,414.45	4,749,389.84	19,133,804.29	19,665,410.00	1,193,843.00	20,859,253.00	9.0%
5) TOTAL, REVENUES			251,452,789.88	148,932,563.40	400,385,353.28	256,203,067.00	134,102,061.00	390,305,128.00	-2.5%
<b>B. EXPENDITURES</b>									
1) Certificated Salaries		1000-1999	128,668,414.51	42,377,900.97	171,046,315.48	121,741,889.00	41,930,275.00	163,672,164.00	-4.3%
2) Classified Salaries		2000-2999	26,756,944.24	29,504,924.74	56,261,868.98	25,648,887.00	28,959,916.00	54,608,803.00	-2.9%
3) Employee Benefits		3000-3999	50,352,267.25	27,857,388.21	78,209,655.46	52,052,473.83	27,121,593.20	79,174,067.03	1.2%
4) Books and Supplies		4000-4999	5,020,111.31	20,580,087.16	25,580,198.47	8,936,193.19	32,253,362.77	41,189,555.96	61.0%
5) Services, Other Operating Expenses		5000-5999	18,377,454.68	41,705,762.13	60,083,216.81	17,137,359.00	30,177,961.81	47,315,320.81	-21.3%
6) Capital Outlay		6000-6999	269,234.86	681,682.66	950,917.52	4,657.00	0.00	4,657.00	-99.5%
7) Other Outgo (excluding Transfers of Indirect/ Direct Support Costs)		7100-7299 7400-7499	10,339,095.00	1,752,119.52	12,091,214.52	10,717,543.00	1,784,706.00	12,502,249.00	3.4%
8) Transfers of Indirect/Direct Support Costs		7300-7399	(3,465,579.72)	2,644,855.89	(820,723.83)	(4,371,536.00)	3,016,128.00	(1,355,408.00)	65.1%
9) TOTAL, EXPENDITURES			236,317,942.13	167,084,721.28	403,402,663.41	231,867,466.02	165,243,942.78	397,111,408.80	-1.6%
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>									
			15,134,847.75	(18,152,157.88)	(3,017,310.13)	24,335,600.98	(31,141,881.78)	(6,806,280.80)	125.6%
<b>D. OTHER FINANCING SOURCES/USES</b>									
1) Interfund Transfers									
a) Transfers In		8910-8929	1,028,503.00	1,737,088.30	2,765,591.30	0.00	1,702,492.00	1,702,492.00	-38.4%
b) Transfers Out		7610-7629	2,921,532.80	3,695,589.00	6,617,121.80	1,646,765.00	1,759,682.00	3,406,447.00	-48.5%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(21,949,526.83)	21,949,526.83	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(23,842,556.63)	19,991,026.13	(3,851,530.50)	(25,842,911.00)	26,710,307.00	867,396.00	-122.5%

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			(8,707,708.88)	1,838,868.25	(6,868,840.63)	(1,507,310.02)	(4,431,574.78)	(5,938,884.80)	-13.5%
<b>F. FUND BALANCE, RESERVES</b>									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	7,700,621.75	11,406,318.96	19,106,940.71	(3,971,506.32)	15,816,335.57	11,844,829.25	-38.0%
b) Audit Adjustments		9793	(17,070.54)	0.00	(17,070.54)	0.00	0.00	0.00	-100.0%
c) As of July 1 - Audited (F1a + F1b)			7,683,551.21	11,406,318.96	19,089,870.17	(3,971,506.32)	15,816,335.57	11,844,829.25	-38.0%
d) Other Restatements		9795	(2,947,348.65)	2,571,148.36	(376,200.29)	0.00	0.00	0.00	-100.0%
e) Adjusted Beginning Balance (F1c + F1d)			4,736,202.56	13,977,467.32	18,713,669.88	(3,971,506.32)	15,816,335.57	11,844,829.25	-36.7%
2) Ending Balance, June 30 (E + F1e)			(3,971,506.32)	15,816,335.57	11,844,829.25	(5,478,816.34)	11,384,760.79	5,905,944.45	-50.1%
Components of Ending Fund Balance									
a) Reserve for									
Revolving Cash		9711	165,000.00	0.00	165,000.00	0.00	0.00	0.00	-100.0%
Stores		9712	183,722.83	0.00	183,722.83	0.00	0.00	0.00	-100.0%
Prepaid Expenditures		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
General Reserve		9730	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Legally Restricted Balance		9740	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Designated Amounts									
Designated for Economic Uncertainties		9770	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Designated for the Unrealized Gains of Investments and Cash in County Treasury		9775	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Designations		9780	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) Undesignated Amount			(4,320,229.15)	15,816,335.57	11,496,106.42				
d) Unappropriated Amount						(5,478,816.34)	11,384,760.79	5,905,944.45	

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>G. ASSETS</b>									
1) Cash									
a) in County Treasury		9110	(3,467,344.52)	14,167,705.04	10,700,360.52				
1) Fair Value Adjustment to Cash in County Treasury		9111	0.00	0.00	0.00				
b) in Banks		9120	522,909.84	0.00	522,909.84				
c) in Revolving Fund		9130	165,000.00	0.00	165,000.00				
d) with Fiscal Agent		9135	0.00	1,648,630.53	1,648,630.53				
e) collections awaiting deposit		9140	0.00	0.00	0.00				
2) Investments		9150	0.00	0.00	0.00				
3) Accounts Receivable		9200	29,194,094.07	0.00	29,194,094.07				
4) Due from Grantor Government		9290	0.00	0.00	0.00				
5) Due from Other Funds		9310	3,583,414.17	0.00	3,583,414.17				
6) Stores		9320	183,722.83	0.00	183,722.83				
7) Prepaid Expenditures		9330	0.00	0.00	0.00				
8) Other Current Assets		9340	0.00	0.00	0.00				
9) Fixed Assets		9400							
10) TOTAL, ASSETS			30,181,796.39	15,816,335.57	45,998,131.96				
<b>H. LIABILITIES</b>									
1) Accounts Payable		9500	22,105,386.21	0.00	22,105,386.21				
2) Due to Grantor Governments		9590	0.00	0.00	0.00				
3) Due to Other Funds		9610	2,647,833.06	0.00	2,647,833.06				
4) Current Loans		9640	0.03	0.00	0.03				
5) Deferred Revenue		9650	9,400,083.41	0.00	9,400,083.41				
6) Long-Term Liabilities		9660							
7) TOTAL, LIABILITIES			34,153,302.71	0.00	34,153,302.71				
<b>I. FUND EQUITY</b>									
Ending Fund Balance, June 30 (must agree with line F2) (G10 - H7)			(3,971,506.32)	15,816,335.57	11,844,829.25				



Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>REVENUE LIMIT SOURCES</b>									
Principal Apportionment State Aid - Current Year		8011	114,416,133.62	0.00	114,416,133.62	103,061,871.00	0.00	103,061,871.00	-9.9%
Charter Schools General Purpose Entitlement - State Aid		8015	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
State Aid - Prior Years		8019	(605,582.63)	0.00	(605,582.63)	0.00	0.00	0.00	-100.0%
Tax Relief Subventions Homeowners' Exemptions		8021	633,034.92	0.00	633,034.92	700,000.00	0.00	700,000.00	10.6%
Timber Yield Tax		8022	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8029	1,057,260.65	0.00	1,057,260.65	1,300,000.00	0.00	1,300,000.00	23.0%
County & District Taxes Secured Roll Taxes		8041	38,673,620.81	0.00	38,673,620.81	44,000,000.00	0.00	44,000,000.00	13.8%
Unsecured Roll Taxes		8042	3,340,695.15	0.00	3,340,695.15	5,000,000.00	0.00	5,000,000.00	49.7%
Prior Years' Taxes		8043	234,081.40	0.00	234,081.40	120,000.00	0.00	120,000.00	-48.7%
Supplemental Taxes		8044	2,486,857.51	0.00	2,486,857.51	3,500,000.00	0.00	3,500,000.00	40.7%
Education Revenue Augmentation Fund (ERAF)		8045	62,967,712.50	0.00	62,967,712.50	65,880,000.00	0.00	65,880,000.00	4.6%
Community Redevelopment Funds (SB 617/699/1992)		8047	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Penalties and Interest on Delinquent Revenue Limit Taxes		8048	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Miscellaneous Funds (EC 41604) Royalties and Bonuses		8081	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other In-Lieu Taxes		8082	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Less: Non-Revenue Limit (50%) Adjustment		8089	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>Subtotal, Revenue Limit Sources</b>			<b>223,203,813.93</b>	<b>0.00</b>	<b>223,203,813.93</b>	<b>223,561,871.00</b>	<b>0.00</b>	<b>223,561,871.00</b>	<b>0.2%</b>
<b>Revenue Limit Transfers</b>									
Unrestricted Revenue Limit Transfers - Current Year	0000	8091	(8,933,355.96)	0.00	(8,933,355.96)	(8,669,156.00)	0.00	(8,669,156.00)	-3.0%
Continuation Education ADA Transfer	2200	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Community Day Schools Transfer	2430	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education ADA Transfer	6500	8091	0.00	8,316,888.96	8,316,888.96	0.00	7,986,438.00	7,986,438.00	-4.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
ROC/P Apprentice Hours Transfer	6350	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Revenue Limit Transfers - Current Year	All Other	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
PERS Reduction Transfer		8092	983,736.00	0.00	983,736.00	1,404,760.00	0.00	1,404,760.00	42.8%
Property Taxes Transfers		8097	0.00	2,489,394.44	2,489,394.44	0.00	2,060,451.00	2,060,451.00	-17.2%
Revenue Limit Transfers - Prior Years		8099	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, REVENUE LIMIT SOURCES</b>			<b>215,254,193.97</b>	<b>10,806,283.40</b>	<b>226,060,477.37</b>	<b>216,297,475.00</b>	<b>10,046,889.00</b>	<b>226,344,364.00</b>	<b>0.1%</b>
<b>FEDERAL REVENUE</b>									
Maintenance and Operation		8110	10,841.54	0.00	10,841.54	0.00	0.00	0.00	-100.0%
Special Education Entitlement		8181	0.00	7,252,092.00	7,252,092.00	0.00	7,252,092.00	7,252,092.00	0.0%
Discretionary Grants		8182	0.00	1,040,606.38	1,040,606.38	0.00	905,644.00	905,644.00	-13.0%
Child Nutrition Programs		8220	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Forest Reserve Funds		8260	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Flood Control Funds		8270	35,330.83	0.00	35,330.83	0.00	0.00	0.00	-100.0%
Wildlife Reserve Funds		8280	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
FEMA		8281	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Contracts Between LEAs		8285	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues from Federal Sources		8287	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NCLB/IASA	3000-3299, 4000-4135, 4201-4215, 4610, 5510	8290	0.00	38,051,590.04	38,051,590.04	0.00	47,066,470.00	47,066,470.00	23.7%
Vocational and Applied Technology Education	3500-3699	8290	0.00	650,017.57	650,017.57	0.00	614,000.00	614,000.00	-5.5%
Safe and Drug Free Schools	3700-3799	8290	0.00	593,007.54	593,007.54	0.00	732,874.00	732,874.00	23.6%
JTPA / WIA	5600-5625	8290	0.00	33,097.99	33,097.99	0.00	0.00	0.00	-100.0%
Other Federal Revenue	All Other	8290	31,454.00	6,081,518.18	6,112,972.18	0.00	1,672,381.00	1,672,381.00	-72.6%
<b>TOTAL, FEDERAL REVENUE</b>			<b>77,626.37</b>	<b>53,701,929.70</b>	<b>53,779,556.07</b>	<b>0.00</b>	<b>58,243,461.00</b>	<b>58,243,461.00</b>	<b>8.3%</b>

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>OTHER STATE REVENUE</b>									
Other State Apportionments									
ROC/P Entitlement									
Current Year	6350-6360	8311	0.00	1,682,819.00	1,682,819.00	0.00	1,619,706.00	1,619,706.00	-3.8%
Prior Years	6350-6360	8319	0.00	(55,299.21)	(55,299.21)	0.00	0.00	0.00	-100.0%
Special Education Master Plan									
Current Year	6500	8311	0.00	22,354,356.00	22,354,356.00	0.00	21,688,465.00	21,688,465.00	-3.0%
Prior Years	6500	8319	0.00	846,135.53	846,135.53	0.00	0.00	0.00	-100.0%
Gifted and Talented Pupils	7140	8311	0.00	369,280.00	369,280.00	0.00	393,520.00	393,520.00	6.6%
Home-to-School Transportation	7230-7235	8311	0.00	2,742,081.00	2,742,081.00	0.00	2,548,678.00	2,548,678.00	-7.1%
School Improvement Program	7260-7265	8311	0.00	3,868,171.83	3,868,171.83	0.00	5,790,000.00	5,790,000.00	49.7%
Economic Impact Aid	7090-7091	8311	0.00	11,003,018.00	11,003,018.00	0.00	11,003,020.00	11,003,020.00	0.0%
Spec. Ed. Transportation	7240	8311	0.00	2,944,171.00	2,944,171.00	0.00	3,096,491.00	3,096,491.00	5.2%
All Other State Apportionments - Current Year	All Other	8311	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Prior Year	All Other	8319	0.00	22,774.50	22,774.50	0.00	0.00	0.00	-100.0%
Year Round School Incentive		8425	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Class Size Reduction K-3		8434	13,123,730.00	0.00	13,123,730.00	12,800,000.00	0.00	12,800,000.00	-2.5%
Class Size Reduction, Grade 9		8435	322,920.00	0.00	322,920.00	495,000.00	0.00	495,000.00	53.3%
Charter Schools Categorical Block Grant		8480	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8520	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Mandated Costs Reimbursements		8550	4,699.00	0.00	4,699.00	0.00	0.00	0.00	-100.0%
State Lottery Revenue		8560	6,229,873.72	1,611,276.25	7,841,149.97	5,614,000.00	550,000.00	6,164,000.00	-21.4%
Tax Relief Subventions									
Restricted Levies - Other									
Homeowners' Exemptions		8575	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8576	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues from									
State Sources		8587	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Miller Unruh Reading Program	7200	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Demo Program, Reading & Math	7050	8590	0.00	2,460.80	2,460.80	0.00	0.00	0.00	-100.0%
Instructional Materials									
Elementary	7155	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Secondary	7160	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Other	7156, 7170, 7180	8590	0.00	1,262,680.00	1,262,680.00	0.00	1,056,000.00	1,056,000.00	-16.4%
Staff Development	7285, 7292, 7294, 7295, 7305, 7315	8590	0.00	454,971.80	454,971.80	0.00	312,400.00	312,400.00	-31.3%
Tenth Grade Counseling	7375	8590	0.00	90,705.00	90,705.00	0.00	90,705.00	90,705.00	0.0%
Mentor Teacher	7270	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Educational Technology Assistance Grants	7100-7125	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
School Based Coordination Program	7250	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Drug/Alcohol/Tobacco Funds	6605-6680	8590	0.00	254,663.34	254,663.34	0.00	46,341.00	46,341.00	-81.8%
Healthy Start	6240-6245	8590	0.00	1,034,020.12	1,034,020.12	0.00	0.00	0.00	-100.0%
Class Size Reduction Facilities	6200	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Revenue	All Other	8590	2,055,332.37	29,186,675.50	31,242,007.87	1,331,182.00	16,422,542.00	17,753,724.00	-43.2%
<b>TOTAL, OTHER STATE REVENUE</b>			<b>21,736,555.09</b>	<b>79,674,960.46</b>	<b>101,411,515.55</b>	<b>20,240,182.00</b>	<b>64,617,868.00</b>	<b>84,858,050.00</b>	<b>-16.3%</b>

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget		% Diff Column C & F	
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)		Total Fund col. D + E (F)
<b>OTHER LOCAL REVENUE</b>									
Other Local Revenue									
County and District Taxes									
Other Restricted Levies		8615	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Secured Roll		8616	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Unsecured Roll		8617	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prior Years' Taxes		8618	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Supplemental Taxes									
Non-Ad Valorem Taxes		8621	11,897,770.38	0.00	11,897,770.38	18,490,084.00	0.00	18,490,084.00	55.4%
Parcel Taxes		8622	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other									
Community Redevelopment Funds Not Subject to RL Deduction		8625	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Penalties and Interest from Delinquent Non-Revenue Limit Taxes		8629	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sales		8631	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Equipment/Supplies		8632	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Publications		8634	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Food Service Sales		8639	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Sales		8650	197,759.15	0.00	197,759.15	190,000.00	0.00	190,000.00	-3.9%
Leases and Rentals		8660	676,607.77	0.00	676,607.77	450,000.00	0.00	450,000.00	-33.5%
Interest									
Net Increase (Decrease) in the Fair Value of Investments		8662	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Fees and Contracts									
Non-Resident Students		8672	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Fees From Individuals		8675	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Services	7230, 7240	8677	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Services	All Other	8677	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Mitigation/Developer Fees		8681	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Fees and Contracts		8689	867.00	0.00	867.00	0.00	0.00	0.00	-100.0%
Other Local Revenue									

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Plus: Misc Funds Non-Revenue Limit (50%) Adjustment		8691	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues From Local Sources		8697	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Local Revenue		8699	1,611,410.15	4,749,389.84	6,360,799.99	535,326.00	1,193,843.00	1,729,169.00	-72.8%
Tuition		8710	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Charter Schools Funding In-Lieu of Property Taxes		8780	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In		8781-8783	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers Of Apportionments									
Special Education SELPA Transfers									
From Districts	6500	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6500	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6500	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
ROC/P Transfers									
From Districts	6350, 6360	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6350, 6360	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6350, 6360	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers of Apportionments									
From Districts	All Other	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	All Other	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	All Other	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In From All Others		8799	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, OTHER LOCAL REVENUE</b>			<b>14,384,414.45</b>	<b>4,749,389.84</b>	<b>19,133,804.29</b>	<b>19,665,410.00</b>	<b>1,193,843.00</b>	<b>20,859,253.00</b>	<b>9.0%</b>
<b>TOTAL, REVENUES</b>			<b>251,452,789.88</b>	<b>148,932,563.40</b>	<b>400,385,353.28</b>	<b>256,203,067.00</b>	<b>134,102,061.00</b>	<b>390,305,128.00</b>	<b>-2.5%</b>

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>CERTIFICATED SALARIES</b>									
Teachers' Salaries		1100	110,297,605.78	33,071,464.64	143,369,070.42	104,353,632.00	34,555,742.00	138,909,374.00	-3.1%
Certificated Pupil Support Salaries		1200	3,822,830.05	7,565,612.15	11,388,442.20	3,182,180.00	5,492,151.00	8,674,331.00	-23.8%
Certificated Supervisors' and Administrators' Salaries		1300	14,535,392.92	1,737,824.18	16,273,217.10	14,001,077.00	1,882,382.00	15,883,459.00	-2.4%
Other Certificated Salaries		1900	12,585.76	3,000.00	15,585.76	205,000.00	0.00	205,000.00	1215.3%
<b>TOTAL, CERTIFICATED SALARIES</b>			<b>128,668,414.51</b>	<b>42,377,900.97</b>	<b>171,046,315.48</b>	<b>121,741,889.00</b>	<b>41,930,275.00</b>	<b>163,672,164.00</b>	<b>-4.3%</b>
<b>CLASSIFIED SALARIES</b>									
Instructional Aides' Salaries		2100	117,055.27	11,947,285.29	12,064,340.56	134,992.00	11,290,401.00	11,425,393.00	-5.3%
Classified Support Salaries		2200	10,679,517.33	9,790,012.73	20,469,530.06	10,042,371.00	9,609,509.00	19,651,880.00	-4.0%
Classified Supervisors' and Administrators' Salaries		2300	5,039,987.79	2,549,629.24	7,589,617.03	5,253,938.00	2,355,903.00	7,609,841.00	0.3%
Clerical and Office Salaries		2400	10,907,520.31	4,468,797.70	15,376,318.01	10,217,586.00	5,356,988.00	15,574,574.00	1.3%
Other Classified Salaries		2900	12,863.54	749,199.78	762,063.32	0.00	347,115.00	347,115.00	-54.5%
<b>TOTAL, CLASSIFIED SALARIES</b>			<b>26,756,944.24</b>	<b>29,504,924.74</b>	<b>56,261,868.98</b>	<b>25,648,887.00</b>	<b>28,959,916.00</b>	<b>54,608,803.00</b>	<b>-2.9%</b>
<b>EMPLOYEE BENEFITS</b>									
STRS		3101-3102	10,401,958.23	3,404,035.71	13,805,993.94	9,821,799.00	3,367,513.40	13,189,312.40	-4.5%
PERS		3201-3202	2,609,330.54	2,848,683.79	5,458,014.33	1,988,832.77	3,354,079.39	5,342,912.16	-2.1%
OASDI/Medicare/Alternative		3301-3302	3,677,938.10	2,737,916.52	6,415,854.62	4,960,947.34	2,865,373.89	7,826,321.23	22.0%
Health and Welfare Benefits		3401-3402	24,645,084.67	13,533,135.90	38,178,220.57	24,603,911.98	13,407,193.17	38,011,105.15	-0.4%
Unemployment Insurance		3501-3502	379,716.16	175,596.20	555,312.36	439,801.31	324,150.79	763,952.10	37.6%
Workers' Compensation		3601-3602	7,167,634.14	3,284,160.03	10,451,794.17	6,600,162.56	3,143,591.03	9,743,753.59	-6.8%
Retiree Benefits		3701-3702	170,018.08	11,899.83	181,917.91	968,440.00	16,149.00	984,589.00	441.2%
PERS Reduction		3801-3802	124,627.80	548,773.44	673,401.24	1,098,425.87	211,345.53	1,309,771.40	94.5%
Other Employee Benefits		3901-3902	1,175,959.53	1,313,186.79	2,489,146.32	1,570,153.00	432,197.00	2,002,350.00	-19.6%
<b>TOTAL, EMPLOYEE BENEFITS</b>			<b>50,352,267.25</b>	<b>27,857,388.21</b>	<b>78,209,655.46</b>	<b>52,052,473.83</b>	<b>27,121,593.20</b>	<b>79,174,067.03</b>	<b>1.2%</b>
<b>BOOKS AND SUPPLIES</b>									
Approved Textbooks and Core Curricula Materials		4100	1,478,677.74	2,549,852.21	4,028,529.95	2,802,205.00	1,726,425.00	4,528,630.00	12.4%
Books and Other Reference Materials		4200	51,732.38	2,177,944.86	2,229,677.24	126,062.00	374,883.00	500,945.00	-77.5%
Materials and Supplies		4300	2,425,192.64	10,990,329.57	13,415,522.21	5,696,559.19	29,259,301.26	34,955,860.45	160.6%

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Noncapitalized Equipment		4400	1,064,508.55	4,841,960.52	5,906,469.07	311,367.00	892,753.51	1,204,120.51	-79.6%
Food		4700	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, BOOKS AND SUPPLIES</b>			<b>5,020,111.31</b>	<b>20,560,087.16</b>	<b>25,580,198.47</b>	<b>8,936,193.19</b>	<b>32,253,362.77</b>	<b>41,189,555.96</b>	<b>61.0%</b>
<b>SERVICES, OTHER OPERATING EXPENSES</b>									
Travel and Conferences		5200	72,652.72	796,454.84	869,107.56	83,551.00	412,388.00	495,939.00	-42.9%
Dues and Memberships		5300	23,706.16	124,136.45	147,842.61	25,150.00	44,690.00	69,840.00	-52.8%
Insurance		5400 - 5450	787,808.19	0.00	787,808.19	800,000.00	0.00	800,000.00	1.5%
Operation and Housekeeping Services		5500	6,788,790.73	45,579.97	6,834,370.70	7,442,046.00	100,000.00	7,542,046.00	10.4%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	1,015,852.58	1,566,449.70	2,582,302.28	1,430,943.00	982,675.26	2,413,618.26	-6.5%
Transfers of Direct Costs		5710	(84,205.23)	84,205.23	0.00	(17,200.00)	17,200.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	(236,861.01)	0.00	(236,861.01)	(220,750.00)	0.00	(220,750.00)	-6.8%
Professional/Consulting Services and Operating Expenditures		5800	7,942,998.47	39,052,612.33	46,995,610.80	5,208,379.00	28,515,898.55	33,724,277.55	-28.2%
Communications		5900	2,066,712.07	36,323.61	2,103,035.68	2,385,240.00	105,110.00	2,490,350.00	18.4%
<b>TOTAL, SERVICES AND OTHER OPERATING EXPENSES</b>			<b>18,377,454.68</b>	<b>41,705,762.13</b>	<b>60,083,216.81</b>	<b>17,137,359.00</b>	<b>30,177,961.81</b>	<b>47,315,320.81</b>	<b>-21.3%</b>



Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>CAPITAL OUTLAY</b>									
Sites and Improvements of Sites		6100	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Buildings and Improvements of Buildings		6200	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Books and Media for New School Libraries or Major Expansion of School Libraries		6300	0.00	3,845.88	3,845.88	0.00	0.00	0.00	-100.0%
Equipment		6400	269,234.86	677,301.64	946,536.50	4,657.00	0.00	4,657.00	-99.5%
Equipment Replacement		6500	0.00	535.14	535.14	0.00	0.00	0.00	-100.0%
<b>TOTAL, CAPITAL OUTLAY</b>			<b>269,234.86</b>	<b>681,682.66</b>	<b>950,917.52</b>	<b>4,657.00</b>	<b>0.00</b>	<b>4,657.00</b>	<b>-99.5%</b>
<b>OTHER OUTGO (excluding Transfers of Indirect/Direct Support Costs)</b>									
Tuition									
Tuition for Instruction Under Interdistrict Attendance Agreements		7110	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
State Special Schools		7130	0.00	158,715.31	158,715.31	0.00	165,000.00	165,000.00	4.0%
Tuition, Excess Costs, and/or Deficits Payments									
Payments to Districts		7141	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to County Offices		7142	0.00	7,204.21	7,204.21	0.00	0.00	0.00	-100.0%
Payments to JPAs		7143	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Pass-Through Revenues									
To Districts		7211	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices		7212	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs		7213	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education SELPA Transfers of Apportionments									
To Districts	6500	7221	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices	6500	7222	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs	6500	7223	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
ROC/P Transfers of Apportionments									
To Districts	6350, 6360	7221	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices	6350, 6360	7222	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs	6350, 6360	7223	0.00	1,586,200.00	1,586,200.00	0.00	1,619,706.00	1,619,706.00	2.1%
Other Transfers of Apportionments	All Other	7221-7223	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers to Charter Schools Funding In-Lieu of Property Taxes		7280	6,733,633.00	0.00	6,733,633.00	7,500,000.00	0.00	7,500,000.00	11.4%
All Other Transfers		7281-7283	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
All Other Transfers Out to All Others		7299	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service		7438	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service - Interest		7439	3,605,462.00	0.00	3,605,462.00	3,217,543.00	0.00	3,217,543.00	-10.8%
Other Debt Service - Principal									
<b>TOTAL, OTHER OUTGO (excluding Transfers of Indirect/Direct Support Costs)</b>			<b>10,339,095.00</b>	<b>1,752,119.52</b>	<b>12,091,214.52</b>	<b>10,717,543.00</b>	<b>1,784,706.00</b>	<b>12,502,249.00</b>	<b>3.4%</b>
<b>TRANSFERS OF INDIRECT/DIRECT SUPPORT COSTS</b>									
Transfers of Indirect Costs		7310	(2,644,855.89)	2,644,855.89	0.00	(3,016,128.00)	3,016,128.00	0.00	0.0%
Transfers of Indirect Costs - Interfund		7350	(820,723.83)	0.00	(820,723.83)	(1,355,408.00)	0.00	(1,355,408.00)	65.1%
Transfers of Direct Support Costs		7370	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Direct Support Costs - Interfund		7380	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, TRANSFERS OF INDIRECT/DIRECT SUPPORT COSTS</b>			<b>(3,465,579.72)</b>	<b>2,644,855.89</b>	<b>(820,723.83)</b>	<b>(4,371,536.00)</b>	<b>3,016,128.00</b>	<b>(1,355,408.00)</b>	<b>65.1%</b>
<b>TOTAL EXPENDITURES</b>			<b>236,317,942.13</b>	<b>167,084,721.28</b>	<b>403,402,663.41</b>	<b>231,867,466.02</b>	<b>165,243,942.78</b>	<b>397,111,408.80</b>	<b>-1.6%</b>

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>INTERFUND TRANSFERS</b>									
<b>INTERFUND TRANSFERS IN</b>									
From: Special Reserve Fund		8912	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From: Bond Interest and Redemption Fund		8914	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Authorized Interfund Transfers In		8919	1,028,503.00	1,737,088.30	2,765,591.30	0.00	1,702,492.00	1,702,492.00	-38.4%
<b>(a) TOTAL, INTERFUND TRANSFERS IN</b>			<b>1,028,503.00</b>	<b>1,737,088.30</b>	<b>2,765,591.30</b>	<b>0.00</b>	<b>1,702,492.00</b>	<b>1,702,492.00</b>	<b>-38.4%</b>
<b>INTERFUND TRANSFERS OUT</b>									
To: Child Development Fund		7611	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Special Reserve Fund		7612	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: State School Building Fund/ County School Facilities Fund		7613	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Deferred Maintenance Fund		7615	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Cafeteria Fund		7616	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Authorized Interfund Transfers Out		7619	2,921,532.80	3,695,589.00	6,617,121.80	1,646,765.00	1,759,682.00	3,406,447.00	-48.5%
<b>(b) TOTAL, INTERFUND TRANSFERS OUT</b>			<b>2,921,532.80</b>	<b>3,695,589.00</b>	<b>6,617,121.80</b>	<b>1,646,765.00</b>	<b>1,759,682.00</b>	<b>3,406,447.00</b>	<b>-48.5%</b>
<b>OTHER SOURCES/USES</b>									
<b>SOURCES</b>									
State Apportionments Emergency Apportionment		8931	0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
Proceeds Proceeds from Sale/Lease-Purchase of Land/Buildings		8953	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Sources Transfers from Funds of Lapsed/Reorganized Districts		8965	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Long-Term Debt Proceeds Proceeds from Certificates of Participation		8971	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Proceeds from Capital Leases		8972	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Proceeds from Lease Revenue Bonds		8973	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Sources		8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(c) TOTAL, SOURCES</b>			0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
<b>USES</b>									
Transfers from Funds of Lapsed/Reorganized Districts		7651	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Uses		7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(d) TOTAL, USES</b>			0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>CONTRIBUTIONS</b>									
Contributions from Unrestricted Revenues		8980	(25,941,237.57)	25,941,237.57	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
Contributions from Restricted Revenues		8990	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Restricted Balances		8997	3,991,710.74	(3,991,710.74)	0.00	0.00	0.00	0.00	0.0%
Categorical Flexibility Transfers per Budget Act Section 12.40		8998	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(e) TOTAL, CONTRIBUTIONS</b>			(21,949,526.83)	21,949,526.83	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
<b>TOTAL, OTHER FINANCING SOURCES/USES</b> (a - b + c - d + e)			(23,842,556.63)	19,991,026.13	(3,851,530.50)	(25,842,911.00)	26,710,307.00	867,396.00	-122.5%

Unaudited Actuals  
Special Education Maintenance of Effort  
2003/04 Actual vs. 2002/03 Actual Comparison  
2003/04 Expenditures by LEA (LE-CY)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	562,411.08	477,914.21	4,259,248.60	17,160,171.42		22,718,059.42
2000-2999	Classified Salaries	285,520.24	0.00	0.00	574,931.27	49,562.70	4,416,851.36	4,610,013.77		9,936,879.34
3000-3999	Employee Benefits	213,829.48	0.00	0.00	503,137.92	190,098.70	4,383,735.57	7,665,528.43		12,936,330.10
4000-4999	Books and Supplies	(916.76)	0.00	0.00	2,306.59	14,784.87	0.00	238,238.46		254,413.16
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	11,679.22	0.00	13,030.48	1,206,602.90		8,239,430.58
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,654,466.08	732,360.48	13,052,866.01	30,880,554.98	0.00	54,243,827.91
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68		241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations	2,426,852.25								2,426,852.25
	Total Direct Support and Indirect Costs	2,426,852.25	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68	0.00	2,668,117.04
	<b>TOTAL COSTS</b>	<b>10,350,432.61</b>	<b>0.00</b>	<b>0.00</b>	<b>1,660,179.60</b>	<b>751,518.07</b>	<b>13,052,866.01</b>	<b>31,096,948.68</b>	<b>0.00</b>	<b>56,911,944.95</b>
<b>FEDERAL EXPENDITURES (Funds 01, 09, and 62; resources 3000-5999, except 3330, 3355, 3360, &amp; 3405)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	135,656.09	477,914.21	0.00	3,681,140.24		4,274,710.54
2000-2999	Classified Salaries	0.00	0.00	0.00	6,195.87	49,562.70	0.00	1,137,808.39		1,193,566.96
3000-3999	Employee Benefits	0.00	0.00	0.00	48,480.99	190,098.70	0.00	1,565,023.22		1,803,602.91
4000-4999	Books and Supplies	0.00	0.00	0.00	2,165.05	14,784.87	0.00	112,699.28		129,649.20
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	7,240.00	0.00	0.00	852,767.01		860,007.01
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	0.00	0.00	0.00	199,738.00	732,360.48	0.00	7,329,438.14	0.00	8,261,536.62
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05		232,046.64
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05	0.00	232,046.64
	<b>TOTAL BEFORE OBJECTS 8980 AND 9650</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>205,411.00</b>	<b>751,518.07</b>	<b>0.00</b>	<b>7,536,654.19</b>	<b>0.00</b>	<b>8,493,583.26</b>
8980	Less: Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	<b>TOTAL COSTS</b>									<b>8,493,583.26</b>

Unaudited Actuals  
Special Education Maintenance of Effort  
2003/04 Actual vs. 2002/03 Actual Comparison  
2003/04 Expenditures by LEA (LE-CY)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>STATE AND LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	426,754.99	0.00	4,259,248.60	13,499,031.18		18,443,348.88
2000-2999	Classified Salaries	285,520.24	0.00	0.00	568,735.40	0.00	4,416,651.36	3,472,205.38		8,743,312.38
3000-3999	Employee Benefits	213,828.48	0.00	0.00	454,656.93	0.00	4,363,735.57	6,100,505.21		11,132,727.19
4000-4999	Books and Supplies	(916.76)	0.00	0.00	141.54	0.00	0.00	125,539.18		124,763.96
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	4,439.22	0.00	13,030.48	353,835.89		7,379,423.57
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>Total Direct Costs</b>	<b>7,923,560.36</b>	<b>0.00</b>	<b>0.00</b>	<b>1,454,728.08</b>	<b>0.00</b>	<b>13,052,866.01</b>	<b>23,551,116.84</b>	<b>0.00</b>	<b>45,982,291.29</b>
7310	Transfers of Indirect Costs	0.00	0.00	0.00	40.52	0.00	0.00	9,177.63		9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations	2,426,852.25								2,426,852.25
	<b>Total Direct Support and Indirect Costs</b>	<b>2,426,852.25</b>	<b>0.00</b>	<b>0.00</b>	<b>40.52</b>	<b>0.00</b>	<b>0.00</b>	<b>9,177.63</b>	<b>0.00</b>	<b>2,436,070.40</b>
	<b>TOTAL BEFORE OBJECT 8980 and 9650</b>	<b>10,350,432.61</b>	<b>0.00</b>	<b>0.00</b>	<b>1,454,768.60</b>	<b>0.00</b>	<b>13,052,866.01</b>	<b>23,560,294.47</b>	<b>0.00</b>	<b>48,418,361.69</b>
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Less: Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	<b>TOTAL COSTS</b>									<b>48,418,361.69</b>
<b>LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	16,913.88		16,913.88
2000-2999	Classified Salaries	2,404.88	0.00	0.00	0.00	0.00	0.00	31,904.67		34,309.55
3000-3999	Employee Benefits	1,607.38	0.00	0.00	0.00	0.00	0.00	24,060.50		25,667.88
4000-4999	Books and Supplies	(916.76)	0.00	0.00	0.00	0.00	0.00	7,872.25		6,955.49
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	63,764.21		63,764.21
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>Total Direct Costs</b>	<b>3,095.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>144,515.51</b>	<b>0.00</b>	<b>147,611.01</b>
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	4,049.25		4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,049.25</b>	<b>0.00</b>	<b>4,049.25</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>3,095.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>148,564.76</b>	<b>0.00</b>	<b>151,660.26</b>
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									15,904,669.31
	<b>TOTAL COSTS</b>									<b>16,056,329.57</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

<b>A. Total 2002/03 State and Local Expenditures</b>	
1. State and Local Expenditures	
a. Enter Total Costs amount from the 2002/03 Report SEMOE, Expenditures by LEA (EL-B) worksheet, State and Local Expenditures section, Total column	
b. Enter any adjustments submitted to the SELPA with Report SEMOE	
c. Total 2002/03 state and local expenditures reported to the SELPA in the 2003/04 Budget vs. 2002/03 Actual Comparison	0.00
2. Enter Program Cost Report Allocations from SACS2003ALL data (Goal 5001, object PCRA, or Form PCR, Schedule AC, goals 5000-5999, Total column)	
3. Enter State Special Schools amounts from SACS2003ALL data, not included in Line 1c (Goals 5000-5999, object 7130)	
4. Enter any direct support and indirect costs from SACS2003ALL data, not included in Line 1c (Funds 01 & 09, resources 0000-2999 & 6000-9999, goals 5000-5999, objects 7300-7399)	
5. Enter contributions from unrestricted revenues to federal resources from SACS2003ALL data; not included in Line 1c (Funds 01 & 09, resources 3310-3405, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999, object 8980)	
6. Enter audit adjustments of 2002/03 special education expenditures from SACS2004ALL data, not included in Line 1c (explain below) (Funds 01 & 09, resources 0000-2999 & 6000-9999, object 9793)	
_____	
_____	
_____	
7. Enter restatements of 2003/04 special education beginning fund balances from SACS2004ALL data, not included in Line 1c (explain below) (Funds 01 & 09, resources 0000-2999 & 6000-9999, object 9795)	
_____	
_____	
_____	
8. Enter any other adjustments, not included in Line 1c (explain below)	
_____	
_____	
_____	
9. 2002/03 State and Local Expenditures, Adjusted for 2003/04 MOE Calculation (Sum lines A1c through A8)	
	0.00
<b>B. Unduplicated Pupil Count</b>	
1. Enter amount reported in 2002/03 Report SEMOE, Expenditures by LEA (EL-B) worksheet	
2. Enter any adjustments not included in Line B1 (explain below)	
_____	
_____	
_____	
3. 2002/03 Unduplicated Pupil Count, Adjusted for 2003/04 MOE Calculation (Line B1 plus Line B2)	
	0

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>TOTAL EXPENDITURES - All Sources</b>			
1000-1999	Certificated Salaries	22,718,059.42	22,718,059.42
2000-2999	Classified Salaries	9,936,879.34	9,936,879.34
3000-3999	Employee Benefits	12,936,330.10	12,936,330.10
4000-4999	Books and Supplies	254,413.16	254,413.16
5000-5999	Services and Other Operating Expenditures	8,239,430.58	8,239,430.58
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service		0.00
	Total Direct Costs	54,243,827.91	54,243,827.91
7310	Transfers of Indirect Costs	241,264.79	241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations	0.00	0.00
	Total Direct Support and Indirect Costs	241,264.79	241,264.79
	<b>TOTAL COSTS</b>	<b>54,485,092.70</b>	<b>54,485,092.70</b>
<b>EXPENDITURES - Paid from State and Local Sources</b>			
1000-1999	Certificated Salaries	18,443,348.88	18,443,348.88
2000-2999	Classified Salaries	8,743,312.38	8,743,312.38
3000-3999	Employee Benefits	11,132,727.19	11,132,727.19
4000-4999	Books and Supplies	124,763.96	124,763.96
5000-5999	Services and Other Operating Expenditures	7,379,423.57	7,379,423.57
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service		0.00
	Total Direct Costs	45,982,291.29	45,982,291.29
7310	Transfers of Indirect Costs	9,218.15	9,218.15
7350	Transfers of Indirect Costs - Interfund		0.00
7370	Transfers of Direct Support Costs		0.00
7380	Transfers of Direct Support Costs - Interfund		0.00
PCRA	Program Cost Report Allocations		0.00
	Total Direct Support and Indirect Costs	9,218.15	9,218.15
	<b>TOTAL BEFORE OBJECT 8980 and 9650</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>
8980	Contributions from Unrestricted Revenues		0.00
9650	Less: Beginning Balances in Deferred Revenue		0.00
	<b>TOTAL COSTS</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>



SELPA:     (??)    

Object Code	Description	Adjustments*	Total
<b>EXPENDITURES - Paid from Local Sources</b>			
1000-1999	Certificated Salaries	16,913.88	16,913.88
2000-2999	Classified Salaries	34,309.55	34,309.55
3000-3999	Employee Benefits	25,667.88	25,667.88
4000-4999	Books and Supplies	6,955.49	6,955.49
5000-5999	Services and Other Operating Expenditures	63,764.21	63,764.21
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	<b>Total Direct Costs</b>	<b>147,611.01</b>	<b>147,611.01</b>
7310	Transfers of Indirect Costs	4,049.25	4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>4,049.25</b>	<b>4,049.25</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>151,660.26</b>	<b>151,660.26</b>
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	15,904,669.31	15,904,669.31
	<b>TOTAL COSTS</b>	<b>16,056,329.57</b>	<b>16,056,329.57</b>
<b>UNDUPLICATED PUPIL COUNT</b>		<b>5,511</b>	<b>5,511</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

SELPA: (??)

(Enter from LEAs' Report SEMA, 2003/04 Actual vs. 2002/03 Actual Comparison, 2002/03 Expenditure by LEA (LE-PY) worksheet)	Adjustments*	TOTAL
<b>A. Total State and Local Expenditures</b>		
1. State and Local Expenditures		
a. Total Costs amount from the 2002/03 Report SEMOE	45,933,118.06	45,933,118.06
b. Adjustments submitted to the SELPA with Report SEMOE		0.00
c. Total state and local expenditures reported to the SELPA in 2003/04	45,933,118.06	45,933,118.06
2. Program Cost Report Allocations		0.00
3. State Special Schools		0.00
4. Direct support and indirect costs not included in Line 1c		0.00
5. Contributions from unrestricted revenues to federal resources not included in Line 1c		0.00
6. Audit adjustments of 2002/03 special education expenditures not included in Line 1c		0.00
7. Restatements of 2003/04 special education beginning fund balances not included in Line 1c		0.00
8. Other adjustments not included in Line 1c		0.00
9. 2002/03 State and Local Expenditures, Adjusted for 2003/04 MOE Calculation (Sum lines A1c through A8)	45,933,118.06	45,933,118.06
<b>B. Unduplicated Pupil Count</b>		
1. Amount reported in 2002/03 Report SEMOE	5,690	5,690
2. Adjustments not included in Line B1		0
3. 2002/03 Unduplicated Pupil Count, Adjusted for 2003/04 MOE Calculation (Line B1 plus Line B2)	5,690	5,690

\* Attach an additional sheet with explanations of any amounts in the Adjustments column

Oakland Unified School District Board Record

32

SELPA: (??)

**TEST 1**

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	<u>Actual Expenditures FY 2003-04 (SE-CY Worksheet)</u>	<u>Actual Expenditures FY 2002-03 (SE-PY Worksheet)</u>	<u>Difference (A - B)</u>
1. Total special education expenditures	54,485,092.70		
2. Less: Expenditures paid from federal sources	8,493,583.26		
3. Expenditures paid from state and local sources	45,991,509.44	45,933,118.06	58,391.38
4. Special education unduplicated pupil count	5,511	5,690	
5. Per capita state and local expenditures	8,345.40	8,072.60	272.80

If one or both of the differences in Column C are positive (current year expenditures, in total or per capita, are greater than prior year's expenditures), the MOE requirement is met; no further calculation is needed.

If both differences are negative, Test 2 must be completed.

**TEST 2**

Excess of prior year's expenditures over current year's expenditures (Test 1, Column C, Line 3, if Test 1 failed)	0.00
Less: 20% of increase in Part B funding in current year compared with prior year:	
Current year funding	_____
Less: Prior year's funding	_____
Increase in funding (if difference is positive)	0.00
20% of increase in funding	0.00
Excess of prior year's expenditures after the 20% allowance	0.00

If excess is zero or less, MOE is met; no further calculation is needed.

If excess is positive, Test 3 must be completed.

SELPA: (??)

**TEST 3**

If Test 2 still shows failure to meet the MOE requirement, the SELPA can determine if the reduction in current year expenditures, as determined from Tests 1 and 2, was due to any of the following events. Amounts associated with these will be offset against the reduction to determine if the reduction is exempt, in full or in part, due to these causes:

1. Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.
2. A decrease in the enrollment of children with disabilities.
3. The termination of the obligation of the agency to provide a program of special education to a particular child with disability that is an exceptionally costly program, as determined by the SEA, because the child:
  - a. Has left the jurisdiction of the agency;
  - b. Has reached the age at which the obligation of the agency to provide free public education (FAPE); or
  - c. No longer needs the program of special education.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

List exempt reductions, if any, to be used in the calculation below:

_____	_____
_____	_____
_____	_____
_____	_____
Total exempt reductions	<u>0.00</u>

Calculation:

Excess of prior year's expenditures after 20% of increase in funding (per Test 2, if Test 2 failed)	<u>0.00</u>
Less: Exempt reductions	<u>0.00</u>
Net reduction of current year expenditures compared with prior year's expenditures (if zero or less, MOE test is met)	<u>0.00</u>

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2004/05 Budget by LEA (LB-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	245,424.00	0.00	0.00	571,699.00	407,156.00	4,860,693.00	17,060,621.00		23,145,593.00
2000-2999	Classified Salaries	450,270.00	0.00	0.00	372,093.00	30,645.00	5,077,123.00	4,921,623.00		10,851,754.00
3000-3999	Employee Benefits	259,147.00	0.00	0.00	348,479.00	142,336.00	4,642,615.00	7,069,948.00		12,462,525.00
4000-4999	Books and Supplies	112,680.00	0.00	0.00	17,688.00	74,892.00	10,000.00	1,502,984.00		1,718,244.00
5000-5999	Services and Other Operating Expenditures	4,741,272.00	0.00	0.00	19,600.00	0.00	2,500.00	2,091,573.00		6,854,945.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	165,000.00	0.00	0.00	0.00	0.00	0.00	0.00		165,000.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	5,973,793.00	0.00	0.00	1,329,559.00	655,029.00	14,592,931.00	32,648,749.00	0.00	55,198,061.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	6,902.00	22,599.00	0.00	282,112.00		311,613.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	6,902.00	22,599.00	0.00	282,112.00	0.00	311,613.00
	<b>TOTAL COSTS</b>	<b>5,973,793.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,336,461.00</b>	<b>677,628.00</b>	<b>14,592,931.00</b>	<b>32,928,861.00</b>	<b>0.00</b>	<b>55,509,674.00</b>
<b>STATE AND LOCAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	245,424.00	0.00	0.00	437,807.00	0.00	4,860,693.00	14,653,449.00		20,197,373.00
2000-2999	Classified Salaries	450,270.00	0.00	0.00	365,882.00	0.00	5,077,123.00	3,686,331.00		9,559,606.00
3000-3999	Employee Benefits	259,147.00	0.00	0.00	317,288.00	0.00	4,642,615.00	5,917,315.00		11,136,365.00
4000-4999	Books and Supplies	112,680.00	0.00	0.00	8,021.00	0.00	10,000.00	493,228.00		623,927.00
5000-5999	Services and Other Operating Expenditures	4,741,272.00	0.00	0.00	2,000.00	0.00	2,900.00	631,773.00		5,377,545.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	165,000.00	0.00	0.00	0.00	0.00	0.00	0.00		165,000.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	5,973,793.00	0.00	0.00	1,130,988.00	0.00	14,592,931.00	25,362,094.00	0.00	47,059,816.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	52.00	0.00	0.00	30,792.00		30,844.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	52.00	0.00	0.00	30,792.00	0.00	30,844.00
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>5,973,793.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,131,050.00</b>	<b>0.00</b>	<b>14,592,931.00</b>	<b>25,392,886.00</b>	<b>0.00</b>	<b>47,090,660.00</b>
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									
	<b>TOTAL COSTS</b>									<b>0.00</b>
										<b>47,090,660.00</b>

Oakland Unified School District Board Record

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2004/05 Budget by LEA (LB-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>LOCAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00		2,000.00
2000-2999	Classified Salaries	95,527.00	0.00	0.00	0.00	0.00	0.00	135,356.00		230,883.00
3000-3999	Employee Benefits	42,627.00	0.00	0.00	0.00	0.00	0.00	18,414.00		61,041.00
4000-4999	Books and Supplies	0.00	0.00	0.00	0.00	0.00	0.00	294,086.00		294,086.00
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	111,079.00		111,079.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	138,154.00	0.00	0.00	0.00	0.00	0.00	580,935.00	0.00	699,089.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	19,352.00		19,352.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	19,352.00	0.00	19,352.00
	TOTAL BEFORE OBJECT 8980	138,154.00	0.00	0.00	0.00	0.00	0.00	580,287.00	0.00	718,441.00
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									22,060,546.00
	TOTAL COSTS									22,778,987.00

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by LEA (LE-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	562,411.08	477,914.21	4,259,248.60	17,160,171.42		22,718,059.42
2000-2999	Classified Salaries	285,520.24	0.00	0.00	574,931.27	49,562.70	4,416,851.36	4,610,013.77		9,936,879.34
3000-3999	Employee Benefits	213,829.48	0.00	0.00	503,137.92	190,098.70	4,363,735.57	7,665,528.43		12,936,330.10
4000-4999	Books and Supplies	(916.76)	0.00	0.00	2,306.59	14,784.87	0.00	238,238.46		254,413.16
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	11,679.22	0.00	13,030.48	1,206,602.90		8,239,430.58
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,854,466.08	732,360.48	13,052,866.01	30,880,554.98	0.00	54,243,827.91
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68		241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations (non-add)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68	0.00	241,264.79
	<b>TOTAL COSTS</b>	<b>7,923,580.36</b>	<b>0.00</b>	<b>0.00</b>	<b>1,860,179.60</b>	<b>751,518.07</b>	<b>13,052,866.01</b>	<b>31,096,948.66</b>	<b>0.00</b>	<b>54,485,092.70</b>
<b>FEDERAL EXPENDITURES (Funds 01, 09, and 62; resources 3000-5999, except 3330, 3355, 3360, &amp; 3405)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	135,656.09	477,914.21	0.00	3,661,140.24		4,274,710.54
2000-2999	Classified Salaries	0.00	0.00	0.00	6,195.87	49,562.70	0.00	1,137,808.39		1,193,566.96
3000-3999	Employee Benefits	0.00	0.00	0.00	48,480.99	190,098.70	0.00	1,565,023.22		1,803,602.91
4000-4999	Books and Supplies	0.00	0.00	0.00	2,165.05	14,784.87	0.00	112,699.28		129,649.20
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	7,240.00	0.00	0.00	852,767.01		860,007.01
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	0.00	0.00	0.00	199,738.00	732,360.48	0.00	7,329,438.14	0.00	8,261,536.62
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05		232,046.64
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05	0.00	232,046.64
	<b>TOTAL BEFORE OBJECTS 8980 AND 9650</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>205,411.00</b>	<b>751,518.07</b>	<b>0.00</b>	<b>7,536,654.19</b>	<b>0.00</b>	<b>8,493,583.26</b>
8980	Less: Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Beginning Balances in Deferred Revenue (Resources 3330, 3335, 3360, & 3405)									0.00
	<b>TOTAL COSTS</b>									<b>8,493,583.26</b>

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by LEA (LE-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>STATE AND LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	426,754.99	0.00	4,259,248.60	13,499,031.18		18,443,348.88
2000-2999	Classified Salaries	285,520.24	0.00	0.00	568,735.40	0.00	4,416,851.36	3,472,205.38		8,743,312.38
3000-3999	Employee Benefits	213,829.48	0.00	0.00	454,856.93	0.00	4,363,735.57	6,100,505.21		11,132,727.19
4000-4999	Books and Supplies	(916.76)	0.00	0.00	141.54	0.00	0.00	125,539.18		124,763.96
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	4,439.22	0.00	13,030.48	353,835.89		7,379,423.57
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,454,728.08	0.00	13,052,866.01	23,551,116.84	0.00	45,982,291.29
7310	Transfers of Indirect Costs	0.00	0.00	0.00	40.52	0.00	0.00	9,177.63		9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations (non-add)									
	Total Direct Support and Indirect Costs	2,426,852.25	0.00	0.00	40.52	0.00	0.00	9,177.63	0.00	9,218.15
	TOTAL BEFORE 8980 AND 9650	10,350,432.61	0.00	0.00	1,454,768.60	0.00	13,052,866.01	23,560,294.47	0.00	45,991,509.44
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Less: Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	TOTAL COSTS									45,991,509.44
<b>LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	16,913.88		16,913.88
2000-2999	Classified Salaries	2,404.88	0.00	0.00	0.00	0.00	0.00	31,904.67		34,309.55
3000-3999	Employee Benefits	1,607.38	0.00	0.00	0.00	0.00	0.00	24,060.50		25,667.88
4000-4999	Books and Supplies	(916.76)	0.00	0.00	0.00	0.00	0.00	7,872.25		6,955.49
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	63,764.21		63,764.21
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	3,095.50	0.00	0.00	0.00	0.00	0.00	144,515.51	0.00	147,811.01
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	4,049.25		4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	4,049.25	0.00	4,049.25
	TOTAL BEFORE OBJECT 8980	3,095.50	0.00	0.00	0.00	0.00	0.00	148,564.76	0.00	151,680.26
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									15,904,669.31
	TOTAL COSTS									16,056,329.57

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.



SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>TOTAL BUDGET - All Sources</b>			
1000-1999	Certificated Salaries	23,145,593.00	23,145,593.00
2000-2999	Classified Salaries	10,851,754.00	10,851,754.00
3000-3999	Employee Benefits	12,462,525.00	12,462,525.00
4000-4999	Books and Supplies	1,718,244.00	1,718,244.00
5000-5999	Services and Other Operating Expenditures	6,854,945.00	6,854,945.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	165,000.00	165,000.00
7430-7439	Debt Service		0.00
	Total Direct Costs	55,198,061.00	55,198,061.00
7310	Transfers of Indirect Costs	311,613.00	311,613.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	311,613.00	311,613.00
	<b>TOTAL COSTS</b>	<b>55,509,674.00</b>	<b>55,509,674.00</b>
<b>BUDGET - State and Local Sources</b>			
1000-1999	Certificated Salaries	20,197,373.00	20,197,373.00
2000-2999	Classified Salaries	9,559,606.00	9,559,606.00
3000-3999	Employee Benefits	11,136,365.00	11,136,365.00
4000-4999	Books and Supplies	623,927.00	623,927.00
5000-5999	Services and Other Operating Expenditures	5,377,545.00	5,377,545.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	165,000.00	165,000.00
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	47,059,816.00	47,059,816.00
7310	Transfers of Indirect Costs	30,844.00	30,844.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	30,844.00	30,844.00
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>47,090,660.00</b>	<b>47,090,660.00</b>
8980	Contributions from Unrestricted Revenues	0.00	0.00
	<b>TOTAL COSTS</b>	<b>47,090,660.00</b>	<b>47,090,660.00</b>

Oakland Unified School District Board Record

39

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2004/05 Budget by SELPA (SB-B)

SELPA:     (??)    

Object Code	Description	Adjustments*	Total
<b>BUDGET - Local Sources</b>			
1000-1999	Certificated Salaries	2,000.00	2,000.00
2000-2999	Classified Salaries	230,883.00	230,883.00
3000-3999	Employee Benefits	61,041.00	61,041.00
4000-4999	Books and Supplies	294,086.00	294,086.00
5000-5999	Services and Other Operating Expenditures	111,079.00	111,079.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	<b>Total Direct Costs</b>	<b>699,089.00</b>	<b>699,089.00</b>
7310	Transfers of Indirect Costs	19,352.00	19,352.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>19,352.00</b>	<b>19,352.00</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>718,441.00</b>	<b>718,441.00</b>
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	22,060,546.00	22,060,546.00
	<b>TOTAL COSTS</b>	<b>22,778,987.00</b>	<b>22,778,987.00</b>
<b>UNDUPLICATED PUPIL COUNT</b>		<b>5,511</b>	<b>5,511</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

40

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>TOTAL EXPENDITURES - All Sources</b>			
1000-1999	Certificated Salaries	22,718,059.42	22,718,059.42
2000-2999	Classified Salaries	9,936,879.34	9,936,879.34
3000-3999	Employee Benefits	12,936,330.10	12,936,330.10
4000-4999	Books and Supplies	254,413.16	254,413.16
5000-5999	Services and Other Operating Expenditures	8,239,430.58	8,239,430.58
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	54,243,827.91	54,243,827.91
7310	Transfers of Indirect Costs	241,264.79	241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations (non-add)		
	Total Direct Support and Indirect Costs	241,264.79	241,264.79
	<b>TOTAL COSTS</b>	<b>54,485,092.70</b>	<b>54,485,092.70</b>
<b>EXPENDITURES - Paid from State and Local Sources</b>			
1000-1999	Certificated Salaries	18,443,348.88	18,443,348.88
2000-2999	Classified Salaries	8,743,312.38	8,743,312.38
3000-3999	Employee Benefits	11,132,727.19	11,132,727.19
4000-4999	Books and Supplies	124,763.96	124,763.96
5000-5999	Services and Other Operating Expenditures	7,379,423.57	7,379,423.57
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	45,982,291.29	45,982,291.29
7310	Transfers of Indirect Costs	9,218.15	9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations (non-add)		
	Total Direct Support and Indirect Costs	9,218.15	9,218.15
	<b>TOTAL BEFORE OBJECTS 8980 AND 9650</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>
8980	Contributions from Unrestricted Revenues	0.00	0.00
9650	Less: Beginning Balances in Deferred Revenue	0.00	0.00
	<b>TOTAL COSTS</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by SELPA (SE-B)

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>EXPENDITURES - Paid from Local Sources</b>			
1000-1999	Certificated Salaries	16,913.88	16,913.88
2000-2999	Classified Salaries	34,309.55	34,309.55
3000-3999	Employee Benefits	25,667.88	25,667.88
4000-4999	Books and Supplies	6,955.49	6,955.49
5000-5999	Services and Other Operating Expenditures	63,764.21	63,764.21
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	147,611.01	147,611.01
7310	Transfers of Indirect Costs	4,049.25	4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	4,049.25	4,049.25
	TOTAL BEFORE OBJECT 8980	151,660.26	151,660.26
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	15,904,669.31	15,904,669.31
	TOTAL COSTS	16,056,329.57	16,056,329.57
<b>UNDUPLICATED PUPIL COUNT</b>		5,511	5,511

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
Maintenance of Effort Calculation (MC-B)

SELPA:     (??)    

**TEST 1**

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	<u>Budgeted Amounts FY 2004-05 (SB-B Worksheet)</u>	<u>Actual Expenditures FY 2003-04 (SE-B Worksheet)</u>	<u>Difference (A - B)</u>
1. Total special education expenditures	55,509,674.00	54,485,092.70	
2. Less: Expenditures paid from federal sources	8,419,014.00	8,493,583.26	
3. Expenditures paid from state and local sources	47,090,660.00	45,991,509.44	1,099,150.56
4. Less: Expenditures paid from state sources	24,311,673.00	29,935,179.87	
5. Expenditures paid from local sources	22,778,987.00	16,056,329.57	6,722,657.43
6. Special education unduplicated pupil count	5,511	5,511	
7. Per capita state and local expenditures	8,544.85	8,345.40	199.45
8. Per capita local expenditures	4,133.37	2,913.51	1,219.86

If any of the differences in Column C are positive (current year budget is greater than prior year's expenditures), the MOE requirement is met; no further calculation is needed.

If all differences are negative, Test 2 must be completed.

**TEST 2**

	<u>State and Local</u>	<u>Local Only</u>
Excess of prior year's expenditures over budgeted expenditures (Test 1, Column C, Lines 3 and 5, respectively, if Test 1 failed)	0.00	0.00
Less: 20% of increase in Part B funding in current year compared with prior year:		
Current year funding	_____	
Less: Prior year's funding	_____	
Increase in funding (if difference is positive)	0.00	
20% of increase in funding	0.00	0.00
Excess of prior year's expenditures after the 20% allowance	0.00	0.00

If excess is zero or less in either column, MOE is met; no further calculation is needed.

If excess is positive in both columns, Test 3 must be completed.

SELPA: (??) \_\_\_\_\_

**TEST 3**

If Test 2 still shows failure to meet the MOE requirement, the SELPA can determine if the reduction in budgeted expenditures, as determined from Tests 1 and 2, was due to any of the following events. Amounts associated with these will be offset against the budget reduction (either on combined state and local expenditures, or on local expenditures only) to determine if the reduction is exempt, in full or in part, due to these causes:

1. Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.
2. A decrease in the enrollment of children with disabilities.
3. The termination of the obligation of the agency to provide a program of special education to a particular child with disability that is an exceptionally costly program, as determined by the SEA, because the child:
  - a. Has left the jurisdiction of the agency;
  - b. Has reached the age at which the obligation of the agency to provide free public education (FAPE); or
  - c. No longer needs the program of special education.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

List exempt reductions, if any, to be used in the calculation below:

	State and Local	Local Only
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total exempt reductions</b>	<u>0.00</u>	<u>0.00</u>

Calculation:

Excess of prior year's expenditures after 20% of increase in funding (per Test 2, if Test 2 failed)	<u>0.00</u>	<u>0.00</u>
Less: Exempt reductions	<u>0.00</u>	<u>0.00</u>
Net reduction of budgeted expenditures compared with prior year's expenditures (If zero or less in either column, MOE test is met)	<u>0.00</u>	<u>0.00</u>

44

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Unaudited Actuals  
2003/04 Unaudited Actuals  
Technical Review Checks

Oakland Unified

Alameda County

Following is a chart of the various types of technical review checks and related requirements:

- F - Fatal (must be corrected; cannot be explained)
- W/WC - Warning/Warning with Calculation (If data is not correct, correct the data before submitting it; if data is correct an explanation is required)
- O - Informational (If data is not correct, correct the data before submitting it; if data is correct an explanation is optional, but encouraged)

**IMPORT CHECKS**

- CHECKFUND - (F) - All FUND codes must be valid. PASSED
- CHECKRESOURCE - (W) - All RESOURCE codes must be valid. PASSED
- CHECKGOAL - (F) - All GOAL codes must be valid. PASSED
- CHECKFUNCTION - (F) - All FUNCTION codes must be valid. PASSED
- CHECKOBJECT - (F) - All OBJECT codes must be valid. PASSED
- CHK-FUNDxOBJECT - (F) - All Account code combinations should be valid.  
Combination Validation Check for FUND and OBJECT PASSED
- CHK-FUNDxRESOURCE - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND and RESOURCE PASSED
- CHK-FUNDxGOAL - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND and GOAL PASSED
- CHK-FUNDxFUNCTION-A - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND (Funds 01 through 12, 19, 57, 62 and 73) and FUNCTION PASSED
- CHK-FUNDxFUNCTION-B - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND (all funds except for 01 through 12, 19, 57, 62 and 73) and FUNCTION PASSED
- CHK-RESOURCExOBJECTA - (W) - The following combinations for RESOURCE and OBJECT (Objects 8000 through 9999, except for 8998, 9650, and 9711 through 9790) are invalid. Data should be corrected or narrative must be provided explaining why the exception(s) should be considered appropriate. EXCEPTION

ACCOUNT				RESOURCE	OBJECT	VALUE
FD	RS	PY	GO	FN	OB	
01	7100	0-0000	0000	9791	7100	9791 -101,612.21
Explanation: See explanation on 9795.						
01	7100	0-0000	0000	9795	7100	9795 101,612.21
Explanation: The auditors made this entry to correct the negative balance.						

45

CHK-RESOURCExOBJECTS - (W) - All Account code combinations should be valid.  
Combination Validation Check for RESOURCE and OBJECT (Objects 8998, 9650, and  
9711 through 9790) PASSED

CHK-FUNCTIONxOBJECT - (F) - All Account code combinations should be valid.  
Combination Validation Check for FUNCTION and OBJECT PASSED

CHK-GOALxFUNCTION - (F) - All Account code combinations should be valid.  
Combination Validation Check for GOAL and FUNCTION PASSED

BALANCE-FDxRS - (F) - Adjusted Beginning Fund Balance plus Revenues minus  
Expenditures and Assets plus Liabilities, must total Zero by Fund and Resource  
except for Agency Funds 76 and 95. PASSED

PY-EFB=CY-BFB - (F) - Prior year ending fund balance must equal current year  
beginning fund balance (9791). PASSED

CH-PY-EFB=CY-BFB - (O) - Prior year ending fund balance must equal current year  
beginning fund balance for the Charter Schools Special Revenue Fund (Fund 09).  
PASSED

BALANCE-FDxRS-AGENCY - (F) - Assets minus Liabilities must total zero by fund  
and resource for Agency Funds 76 and 95. PASSED

### GENERAL LEDGER CHECKS

INTERFD-DIR-COST - (F) - Transfers of Direct Costs - Interfund (5750) must net  
to -0- for all funds. PASSED

INTERFD-INDIRECT - (F) - Transfers of Indirect Costs - Interfund (7350) must  
net to -0- for all funds. PASSED

INTERFD-DIR-SUPP - (F) - Transfers of Direct Support Costs - Interfund (7380)  
must net to -0- for all funds. PASSED

INTERFD-INDIRECT-FN - (F) - Transfers of Indirect Costs - Interfund (7350) must  
net to -0- by function. PASSED

INTERFD-DIR-SUPP-FN - (F) - Transfers of Direct Support Costs - Interfund  
(7380) must net to -0- by function. PASSED

INTERFD-IN-OUT - (F) - Interfund Transfers In (8910-8929) must equal Interfund  
Transfers Out (7610-7629). PASSED

DUE-FROM-DUE-TO - (F) - Due From Other Funds (9310) must equal Due To Other  
Funds (9610). PASSED

PERS-REDUCTION - (F) - PERS Reduction Transfer (8092) in the General Fund must  
equal PERS Reduction, certificated and classified positions (3801-3802) in all  
funds. PASSED

RL-TRANSFER - (F) - Revenue Limit Transfers (8091 and 8099) must net to -0-  
individually. PASSED

INTRA-FD-DIR-COST - (F) - Transfers of Direct Costs (5710) must net to -0- by  
fund. PASSED



- INTRA-FD-INDIRECT - (F) - Transfers of Indirect Costs (7310) must net to -0- by fund. PASSED
- INTRA-FD-DIR-SUPP - (F) - Transfers of Direct Support Costs (7370) must net to -0- by fund. PASSED
- INTRA-FD-INDIRECT-FN - (F) - Transfers of Indirect Costs (7310) must net to -0- by function. PASSED
- INTRA-FD-DIR-SUPP-FN - (F) - Transfers of Direct Support Costs (7370) must net to -0- by function. PASSED
- CONTRIB-UNREST-REV - (F) - Contributions from Unrestricted Revenues (Object 8980) must net to -0- by fund. PASSED
- CONTRIB-RESTR-REV - (F) - Contributions from Restricted Revenues (Object 8990) must net to -0- by fund. PASSED
- RESTR-BAL-TRANSFER - (F) - Transfers of Restricted Balances (8997) must net to -0- by fund. PASSED
- CAT-TRANSFER - (F) - Categorical Flexibility Transfers (8998) must net to -0- in all funds individually. PASSED
- LOTTERY-CONTRIB - (F) - There should be no contributions (objects 8980-8999) to the State Lottery (resources 1100 and 6300) or from the Lottery: Instructional Materials (Resource 6300). PASSED
- PASS-THRU-REV=EXP - (W) - Pass-through revenues from all sources (Objects 8287, 8587, and 8697) should equal transfers of pass-through revenues to other agencies (Objects 7211 through 7213, plus 7299 for Resources 3327 and 3328), by resource. PASSED
- CEFB=FD-EQUITY - (F) - Components of Ending Fund Balance must agree with Fund Equity (Assets minus Liabilities). PASSED
- UNDESIGNATED-POS - (F) - If there are amounts reported in Legally Restricted Balance, DEU, or Designated for Other (9740-9780), Undesignated (9790) must be positive or -0- by resource. PASSED
- EFB-NEGATIVE - (W) - Ending balance is negative for the following resources. Please explain the cause of the negative balance(s) and your plan(s) to resolve the situation(s). EXCEPTION

FUND	RESOURCE	NEG. EFB
01	0000	-4,957,150.20
Total of negative resource balances for Fund 01		-4,957,150.20

Explanation: Negative Ending Fund Balance will be made up in 04/05 with Draw Down From State Loan

OBJ-POSITIVE - (W) - The following objects have a negative balance by resource, by fund. EXCEPTION

FUND	RESOURCE	OBJECT	VALUE
01	0000	9790	-5,305,873.03

Explanation: The negative balance will be made up in 04/05 with draw down from

47

state loan.

09 0000 8660 -8,708.83  
 Explanation: Fund earned negative interest.

13 0000 8660 -27,659.51  
 Explanation: Fund earned negative interest.

40 0000 8660 -3,175.84  
 Explanation: Fund earned negative interest.

53 0000 8621 -324.74  
 Explanation: County posted debit to parcel tax revenue account.

53 0000 9200 -28,887.35  
 Explanation: Posting errors made in clearing accounts receivable.

56 0000 8660 -12,087.57  
 Explanation: Fund earned negative interest.

56 0000 9200 -987.98  
 Explanation: Posting errors in clearing accounts receivable.

REV-POSITIVE - (W) - Revenue amounts should be positive by resource, by fund.  
PASSED

EXP-POSITIVE - (W) - The following expenditure functions have a negative balance by resource, by fund.  
EXCEPTION

FUND	RESOURCE	FUNCTION	VALUE
01	9010	7100	-42,542.00

Explanation: This is an indirect cost for the Grants Coordinator.

CEFB-POSITIVE - (F) - Components of Ending Fund Balance (Objects 9700-9789) must be positive individually by resource, by fund.  
PASSED

**SUPPLEMENTAL CHECKS**

BDGT-ADOPTION-PRVDED - (F) - In compliance with E.C. 42127(i), selection of Budget Adoption cycle must be provided. Check for "single" or "dual".  
PASSED

CORR-ADA - (F) - If Adults in Correctional Facilities ADA is reported in Form A, Line 17, general ledger data for Adults in Correctional Facilities (Resource 6015, Goal 4620) must be provided and Form CORR (Education of Adults in County Correctional Facilities) must be completed.  
PASSED

CORR-NO-ADA - (W) - If Adults in Correctional Facilities ADA is not reported in Form A, Line 17, general ledger data for Adults in Correctional Facilities (Resource 6015, Goal 4620) should not be reported.  
PASSED

DAY-ADA - (F) - If Community Day Schools ADA is reported in Form A, Line 1.g. or 4.e., general ledger data for Community Day Schools (Resource 2430, Goal 3550) and Form DAY (Community Day Schools) must be provided.  
PASSED

DAY-NO-ADA - (W) - IF Community Day Schools ADA is not reported in Form A, Line

48

l.g. or 4.e., general ledger data for Community Day Schools (Resource 2430, Goal 3550) should not be reported. PASSED

FUND51-IMPORT - (W) - If Fund 51 (Bond Interest and Redemption Fund) amounts are imported/keyed, the Analysis of Bonded Indebtedness supplemental data (Form 51A) must be provided. PASSED

LTD-IMPORT - (F) - If Long-Term Debt amounts are imported/keyed, the Long-Term Debt supplemental data must be provided. PASSED

LOT-CONTRIB-IMPORT - (F) - If State Lottery dollars (Resource 1100) are contributed to other resources (Object 8980), the supplemental data (Form L) for contributions to other resources must be provided. PASSED

ROP-IMPORT - (F) - If Regional Occupational Center/Program (ROP) amounts are imported, the ROP Fund Balance/Reserves supplemental data must be provided. PASSED

TRAN-IMPORT - (W) - If Transportation: Home to School or Special Education (Severely Handicapped/Orthopedically Handicapped) amounts are imported/keyed, the Pupil Transportation supplemental data must be provided. PASSED

RL-CALC - (WC) - Revenue Limit Sources (Objects 8010-8089) minus Charter Schools General Purpose Entitlement - State Aid (Object 8015) minus State Aid - Prior Years (Object 8019) should agree with Property Taxes (ID 0117), plus Miscellaneous Taxes (ID 0078), plus Community Redevelopment Funds (ID 0079), plus Total State Aid Portion of Revenue Limit (line 40) on the RL. PASSED

RL-STATE-AID - (WC) - RL State Aid-Current Year (8011) should agree with Total State Aid Portion of Revenue Limit calculated on the RL (Line 40). PASSED

RL-LOCAL-REVENUES - (WC) - The sum of RL Local Revenues (8020-8089) should agree with the sum of Local Revenues (ID 0117, 0078 and 0079). PASSED

ADA-RL-COMPARISON - (F) - On the A, Total Revenue Limit - K-12 ADA (Line 10) minus ADA from Necessary Small Schools (Line 11) plus ADA for Block Grant Funded Charters Sponsored by a Unified District, pupils residing in the Unified District (Line 24a), plus ADA for Revenue Limit Funded Charters (Line 25) should agree with the ADA reported on the RL, Line 5b. PASSED

RL-PERS-REDUCTION - (WC) - The PERS Reduction Transfer (8092) should equal PERS Reduction (ID 0195) minus PERS Safety Adjustment (ID 0205) in the RL (unless Line 31 is zero). PASSED

CURRENT-CALC-EXP - (W) - If the district is not exempt from E.C. section 41372, the Percent of Current Costs of Education Expended for Classroom Compensation must equal or exceed 60% for elementary, 55% for unified, and 50% for high school districts under E.C. section 41372. PASSED

IC-DP-OVERDISTRIBUTE - (F) - If a value exists in Part II, Item C of form ICR, it must not exceed the total Data Processing Services in Undistributed goals 0000 and 9000. PASSED

IC-CU-CENTRAL-ADMIN - (W) - Percentage of total classroom units attributable to Other General Administration, Data Processing Services, and Plant Maintenance & Operations should not be zero or exceed 25%. PASSED

IC-PCT - (W) - The percentage of indirect costs before the carry forward

- adjustment (ICR Part III, Item C) is between 2% and 9%. PASSED
- IC-NEGATIVE - (W) - The indirect cost rate after the carry forward adjustment (ICR Part III, Item D) should not be negative. PASSED
- IC-ADMIN-NOT-ZERO - (F) - Other General Administration (Part III, ITEM A1) in form ICR should not be zero. PASSED
- IC-BD-SUPT-NOT-ZERO - (W) - Board and Superintendent (Part III, ITEM B6) in form ICR should not be zero. PASSED
- IC-BD-SUPT-VS-ADMIN - (W) - The Ratio of Board and Superintendent Costs to Other General Administration Costs should not be less than 5%. PASSED
- TRAN-PUPIL-DATA - (W) - In Form TRAN, if pupils transported or miles data have been reported in Schedule I, Line B.1. or Line C, then costs should be reported in Schedule III, Line K. PASSED
- PCRAF-UNDISTRIBUTED - (F) - Allocation factors must be entered in Form PCRAF for support functions with costs in undistributed goals (0000 and 9000). PASSED
- PCR-ALLOC-NO-DIRECT - (W) - Costs should normally only be allocated to goals that have direct costs. PASSED
- PCR-GF-EXPENDITURES - (F) - Total general fund expenditures in Form PCR should agree with total general fund expenditures in Fund 01 (Objects 1000-7999). PASSED
- ASSET-ACCUM-DEPR-NEG - (W) - In Form ASSET, accumulated depreciation for governmental and business-type activities should be zero or negative. PASSED
- ASSET-PY-BAL - (F) - If capital asset ending balances were included in the prior year unaudited actuals, the Schedule of Capital Assets (Form ASSET) must be provided. PASSED
- LTD-ACTIVITY - (W) - If long-term debt exists, there should be activity entered in the Schedule of Long-Term Liabilities (Form DEBT), for each type of debt. PASSED
- DEBT-POSITIVE - (W) - In Form DEBT, long-term liability ending balances should be positive. PASSED
- DEBT-PY-BAL - (F) - IF long-term liability ending balances were included in the prior year unaudited actuals data, the Schedule of Long-Term Liabilities (Form DEBT) must be provided. PASSED

### EXPORT CHECKS

- FORM01-PROVIDE - (F) - Form 01 (Form 011) must be opened and saved. PASSED
- RL-SUPP-PROVIDE - (F) - Revenue Limit Supplemental Data must be provided. PASSED
- UNAUDIT-CERT-PROVIDE - (F) - Unaudited Actual Certification Data must be provided. PASSED

A-PROVIDE - (F) - Average Daily Attendance data must be provided. PASSED

ICR-PROVIDE - (F) - Indirect Cost Rate Worksheet data must be provided. PASSED

GANN-PROVIDE - (F) - Appropriations Limit Calculations (Form GANN) must be provided. PASSED

CHK-DEPENDENCY - (F) - If data has changed that affects other forms, the affected forms must be opened and saved. PASSED

Checks Completed.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Delivery Date]

Oakland Unified School District  
Oakland, California

Oakland Unified School District  
General Obligation Bonds, Election of 2000, Series 2005  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Alameda, California (the "County"), on behalf of the Oakland Unified School District (the "District"), which is located in the County, of \$ \_\_\_\_\_ aggregate principal amount of bonds designated as "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (the "Bonds"), representing part of an issue in the aggregate principal amount of \$303,000,000 authorized at an election held in the District on March 7, 2000. The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on June 28, 2005 (the "County Resolution"), at the request of the District pursuant to a resolution of the State Administrator of the District adopted on June 8, 2005 (the "District Resolution").

In such connection, we have reviewed the District Resolution, the County Resolution, 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 and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the District Resolution, the County Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure 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 District Resolution, the County Resolution, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 or counties in the State

of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, severability, or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials 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 valid and binding obligations of the District.
2. The District Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The County Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the County.
4. 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.
5. 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 interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per



## APPENDIX D

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Oakland Unified School District (the "District") in connection with the issuance of \$ \_\_\_\_\_ aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Alameda (the "County") on June 28, 2005, at the request of the State Administrator of the District by its resolution adopted on June 8, 2005. 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 ("S.E.C.") Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which 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 the District, 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) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth at <http://www.sec.gov/info/municipal/nrmsir.htm>.

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

"Repository" shall mean each National Repository and the State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission, as listed at <http://www.sec.gov/info/municipal/nrmsir.htm>.

**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 (currently ending June 30), commencing with the report for the 2004-2005 Fiscal Year (which is due not later than April 1, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as

a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which 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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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.
- \* 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 included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Optional, unscheduled or contingent Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the S.E.C. shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any 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 the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or 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 either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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(c), 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. 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: \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of District: OAKLAND UNIFIED SCHOOL DISTRICT

Name of Bond Issue: OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION  
BONDS, ELECTION OF 2000, SERIES 2005

Date of Issuance: \_\_\_\_\_

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 no later than \_\_\_\_\_.]

Dated: \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT

\_\_\_\_\_  
[to be signed only if filed]

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## APPENDIX E

### COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES DESCRIPTION OF INVESTMENT POOL

*The following information has been supplied by the Alameda County Treasurer-Tax Collector (the "Treasurer"). Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. All questions related to the County Treasury and the investment practices of the Treasurer should be directed to the Treasurer at the following address: 1221 Oak Street, Room 131, Oakland, California, 94612-4685.*

## Annual Investment Policy Calendar Year 2005

### Introduction

The Alameda County Board of Supervisors, through its Ordinance #0-2004-99 dated, November 30, 2004 has delegated the responsibility to invest or to reinvest funds of Alameda County and the funds of other depositors in the County treasury. In order to provide a framework for oversight of the Treasurer's investment responsibilities and activities, the Government Code of the State of California through Section 27133 requires the County Treasurer to annually prepare an investment policy. The investment policy provides the specific guidelines, pursuant to which, the Treasurer carries-out investment-related functions.

### Investment Philosophy

The investment philosophy of the County shall be guided, in the order of priority, by the basic principles of 1) capital preservation, 2) liquidity and 3) rate of return. The investment portfolio shall be diversified and designed to attain a market-average rate of return, taking into account the cash-flow characteristics and operating requirements of the County and its subdivisions.

The portfolio shall strive to attain an average maturity of 18 months but not to exceed 24 months at any time. Investments shall be made with the general intention of holding to maturity and not for the purpose of trading. However, the Treasurer may, from time to time, swap securities in order to reposition investment holdings to current coupon issues or to take advantage of realizing market value profits on securities held by the portfolio.

The Treasurer is allowed to sell securities in which actual loss from such sale may be incurred under the following conditions:

- 1) to raise cash in order to meet unanticipated cash-flow need;
- 2) to swap securities for purposes of moving to current coupon issues; and
- 3) to avoid further deterioration of the value of investments due to a rating downgrade or negative rating review of an issuer or if interest rates are anticipated to continually rise.

## Investment Guidelines and Eligible Securities

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including proportional limits by investment type relative to the size of the investment pool, and maximum maturity of investments. No investment of the County Treasurer shall not exceed final maturity of 5 years from date of purchase, except when specifically authorized by Board resolution of the Alameda County Board of Supervisors.

Alameda County investments shall conform with the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:

- I. Bankers Acceptance - maximum limit - 30%
  - o Rating requirement:
    - at least A-rated domestic banks
    - at least AA-rated U.S. branch of foreign banks
  - o May not exceed 270 days maturity
  
- II. Commercial Paper - maximum limit 25%
  - o Rating requirement:
    - prime rated by at least one rating agency (split rated), if maturity does not exceed 30 days
    - prime rated by at least two rating agencies, if maturity exceeds 30 days
  - o May not exceed 270 days maturity
  
- III. Medium-Term Notes - maximum limit - 30%
  - o Rating requirement:
    - at least rated A if maturity is less than 3 years
    - at least rated AA if maturity is three years or more
  
- IV. Negotiable Certificates of Deposits or Bank Notes - maximum limit - 30%
  - o Rating requirement:
    - at least rated A if issued by a domestic bank
    - at least rated AA if issued by a U.S. branch of a foreign bank
  - o May not exceed one year in maturity
  
- V. Money Market Funds - maximum limit - 20%

To be eligible for purchase for the Treasurer's investment pool, a money market fund must maintain a constant \$1.00 NAV (Net Asset Value), and meet the either of the following requirements:

- a) The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California. The fund must attain the highest ranking or the highest letter and numerical rating by at least two of the three largest nationally recognized rating services; **or**
  
- b) The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California, and **if not rated**, must retain an investment adviser registered with the SEC with not less than five years experience investing in the securities and obligations



as authorized by subdivisions (a) to (m), inclusive, and with assets under management in excess of \$500,000,00

Investments in any one money market fund may not exceed 5% of the portfolio or \$75,000,000 whichever is lower. Exception to this limit shall apply during the months of December and April to accommodate short-term investment of large tax receipt flows.

- VI. U.S. Treasury Bills, U.S. Government Notes, Federal Agency Notes, debt issues of the State of California and debt issues of local agencies within the State of California - no limit.

Purchase of debt issues of the U.S. Government, Federal Agencies, State of California and other local agencies in the State of California are eligible for purchase without limit, subject to requirements and restrictions of Section 53601 et seq. of the Government Code, except that floating rate notes, structured notes and other derivative securities permitted for purchase under the Code shall be limited to an aggregate cap of 15% of the total portfolio.

Plain callable securities are not subject to the 15% limitations.

- VII. a) Repurchase Agreements - maximum limit - 20%

- o Counter-party requirement - financial institution that will deliver the securities versus payment.
- o Collateral - U.S. Government Securities or Federal Agency Securities with final maturity not exceeding 5 years from commencement of repurchase agreement.
- o Collateral Value - 102% if collateral matures within one year; or 105% if collateral matures after one year but not exceeding 5 years. Mark-to-market each Friday morning during the term of the agreement.
- o Maximum term of agreement - 90 days.

- b) Reverse Repurchase Agreements (borrowing) for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered into for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors pursuant to Government Code guidelines.

VIII. LAIF ( Local Agency Investment Fund) - maximum - \$40,000,000.

IX. Collateralized/FDIC - Insured Time Deposits

The Treasurer may place interest-bearing inactive public time deposits with banks and savings and loan associations located within the State of California, collateralized in accordance with requirements of the Government Code, except that, the Treasurer may place uncollateralized interest-bearing inactive time deposits up to the FDIC-insured amount of \$100,000, provided that the depository institution requests, and the Treasurer grants, a waiver of security in writing.

FDIC- insured inactive time deposits may be placed only with banks that have at least one branch office in the immediate San Francisco Bay Area counties, regardless of rating.

X. Others - any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.

Credit ratings referred to in this policy that are required to qualify securities for purchase by the Treasurer, shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following rating agencies:

Moody's Investor Service  
Standard & Poor's Rating Services  
Fitch IBCA, Inc.  
Thompson Bankwatch

#### **Directed Investments and Withdrawal Policy**

Self-directed investments made by any school district or any special district and deposits of same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each district withdrawing funds for purposes of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in amounts not exceeding \$5,000,000 at any one time. Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Further, each district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing of such intention so that the Treasurer could place the funds in short-term securities whose maturity would coincide with the settlement/purchase date of the directed (bond proceeds/fund) investment. Securities representing district- directed investments not in the custody of a bond trustee shall be held by the County Treasurer solely in safekeeping at the County's custodial bank. Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.

Any school district or special district which has obtained a temporary loan from the Alameda County Treasurer may not invest operating funds outside of the Treasurer's investment pool until the temporary loan is fully liquidated.

## Securities Lending

Pursuant to Section 53601 (i) (3) of the Government Code, the Alameda County Treasurer may engage in securities lending through a third party custodian and lending administration revenues derived from securities lending will be considered incremental interest revenues to be share among participants in the investment pool.

## Other Provisions

Further, the Treasurer of Alameda County sets forth the following:

- 1) The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets in order to provide maximum portfolio liquidity;
- 2) The treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures are unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities in order to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull-out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market, the resulting loss, if any (calculated on the basis of comparing the accrued interest earned at the original purchase rate vs. the actual interest earned and/or lost at the current sale rate), due to an unanticipated school or special district withdrawal that normal pool liquidity cannot meet, and if the purpose of such withdrawal is to invest the funds outside of the Treasurer's investment pool, shall be borne by the withdrawing district/s alone. Losses incurred due to the untimely sale of securities to meet unanticipated cash needs other than for the purpose of investing funds outside the treasurer's pool shall be considered as a normal cost of providing unanticipated liquidity needs; and
- 3) The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement;
- 4) The Alameda County Treasurer's investment pool does not accept non-mandatory depositors

## Investment Report

The Treasurer shall submit a report on the monthly status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the total market value of securities held, as reported by the custodial bank in its custodial report to the County, in each of the following calendar-quarter monthly reports, September, December, March, and June.

### **Criteria for Selecting Securities Dealers and Brokers**

The following criteria shall be required of securities dealership or brokerage in order to qualify to do business with the County of Alameda:

- 1) Nationally recognized primary dealers in government securities that report to the New York Federal Reserve Bank, regardless of the institutions' locations of their national headquarters; or
- 2) Non-reporting dealers or brokers who are registered with the Securities and Exchange Commission and who maintain at least one branch office within the State of California or whose corporate headquarters are located in any of the money center cities of New York or Chicago; or
- 3) Dealers or brokers who are licensed to do business in the State of California and who maintain at least one branch office within the State of California; or
- 4) Securities dealership or brokerage division of domestic banking institutions; and
- 5) Agents that are authorized by mutual fund/money market fund institutions to broker the sale of their fund/s.

All securities bought and/or sold by the County shall be settled on the basis of delivery versus payment (DVP).

Further, any securities broker or dealer who has made a political contribution to the treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the County Treasurer.

### **Allocation of Interest Income and Costs**

The Treasurer shall account for and apportion interest income on a cash basis. Interest income shall be distributed quarterly, allocated on the basis of average daily cash balances of participating funds in the investment pool.

The cost of operating the County treasury which includes investment management, accounting for the investment activity, banking and investment custodial services, receiving, accounting and remitting deposits, oversight and internal controls and direct and indirect costs shall be netted on a quarterly basis against the unapportioned interest prior to its quarterly allocation to the pool participants. The treasury operations "costs" are calculated each fiscal year in the budgeting process during which, the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

### **Limit on Receipt of Honoraria, Gifts and Gratuities**

No member of the Treasury Oversight Committee or any individual responsible for the management of the County's investment portfolio shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, that aggregate in value in excess of \$250.00 in any calendar year.

## Conclusion

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, should the governing sections of the Government Code add new types of securities to the allowable investment list, such new securities shall also be so allowed.

This investment policy shall be in effect until revised or replaced by the investment policy of the following fiscal year.

### ALAMEDA COUNTY INVESTMENT POOL

LAIF	\$40,000,000	\$40,284,000	2.03%	N.A.
Bankers Acceptance	32,432,931	32,540,532 **	1.64%	30%
Collateralized Time Deposits	51,600,000	51,838,878	2.61%	no limit
Negotiable Certificates of Deposits	288,000,000	288,967,347	14.59%	30%
Commercial Paper	164,716,643	165,244,932 **	8.34%	25%
Money Market Funds	75,000,000	75,242,877	3.80%	20%
Federal Agency Notes & Bonds	845,267,530	842,940,539 #	42.82%	no limit
Federal Agency Discount Notes	390,233,626	391,590,210 **	19.77%	no limit
US Treasury Discount	24,646,805	24,892,499 **	1.24%	no limit
Total Investments	\$1,911,897,535	\$1,913,541,814	96.84%	
Cash in Bank and on Hand	62,294,620	62,294,620	3.16%	
Total Treasurer's Pool	\$1,974,192,155	\$1,975,836,434	100.00%	

#### Footnotes:

Of the total cash and investment holdings listed above \$1,063,729,682 or 53.88% consisted of cash and investments maturing within three months of this report.

See Attachment IB for full graphic illustration of Treasurer's investment by maturity.

\*\*Market value of investments that have maturity under 1 year from date of purchase are reflected at COST = ACCRUED INTEREST.

# The Federal Agency notes holdings consisted of the following breakdown:

Bullet issues	\$69,372,350	3.51%
Callable issues	775,895,180	39.30%
Total	\$845,267,530	42.82%

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## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the 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, NY, 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 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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.

6. Redemption notices will 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 Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 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 issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, 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 issuer or the paying agent or bond trustee, 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 issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.



**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# FINANCIAL GUARANTY INSURANCE POLICY

## MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

STD-R-CA-7  
01/05

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**OAKLAND UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2000, SERIES 2005**

**CERTIFICATE  
AS TO FINALITY OF PRELIMINARY OFFICIAL STATEMENT**


I, Javetta Robinson Associate Superintendent-Fiscal Services, of the Oakland Unified School District (the "District"), hereby certify that I am authorized to execute this Certificate on behalf of the District.

I hereby further certify, on behalf of the District, that the Preliminary Official Statement dated August 16, 2005 (including the cover page and all appendices thereto, the "Preliminary Official Statement") relating to the above-referenced notes (the "Notes") is deemed to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12, including, for example, offering prices, interest rates, selling compensation, principal amounts per maturity, aggregate principal amount, maturity dates, and ratings.

The District approves of the use and distribution of the Preliminary Official Statement by Kelling, Northcross & Nobriga, the District's financial advisor with respect to the Notes, and by the underwriters of the Notes.

Dated: August 16, 2005.

**OAKLAND UNIFIED SCHOOL DISTRICT**

By:   
Associate Superintendent-Fiscal Services

**AMENDED AND RESTATED  
OFFICIAL NOTICE OF SALE  
(amended as of August 18, 2005)**

**\$141,000,000\***

**OAKLAND UNIFIED SCHOOL DISTRICT  
(County of Alameda, State of California)  
GENERAL OBLIGATION BONDS  
ELECTION OF 2000, SERIES 2005**

NOTICE IS HEREBY GIVEN that faxed and electronically transmitted bids as well as sealed bids will be received on behalf of the Board of Supervisors of the County of Alameda, State of California (the "County"), for the purchase of \$141,000,000\* aggregate principal amount of bonds of Oakland Unified School District, County of Alameda (herein called the "District"), designated "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (herein called the "Bonds") more particularly described herein, on

**Tuesday, August 23, 2005  
at 10:00 A.M.**

California time, at the offices of the Financial Advisor to the District with respect to the Bonds, Kelling, Northcross & Nobriga, 1333 Broadway, Suite 1000, Oakland, CA 94612-1926 (telephone (510) 839-8200; fax (510) 208-8282).

***Important Note:* The winning bidder will be required to pay, from underwriter's gross spread, certain costs of issuance totaling \$255,000, and the estimated (for bidding purposes) premium for municipal bond insurance of \$745,000. See "TERMS OF SALE—Payment of Issuance Costs" and "TERMS OF SALE—Municipal Bond Insurance Policy" herein.**

The County, acting on behalf of and in consultation with the District, reserves the right to cancel or reschedule the sale of the Bonds or alter the terms thereof upon notice given through The Bond Buyer Wire at any time prior to the time bids are to be received. If the sale is rescheduled, bids will be received at the place set forth above, at a date and time to be determined, and notice of the new sale date, time and terms, if any, will be given through The Bond Buyer Wire as soon as practicable. As an accommodation to bidders, telephone or fax notice of the change and of the new sale date and time will be given to any bidder requesting such notice from the Financial Advisor at the address given above. Failure of any bidder to receive such supplementary notice shall not affect the legality of the sale.

**TERMS OF THE BONDS**

***Important Note:* This notice will be submitted to i-Deal LLC for posting at i-Deal's website and in the Parity bid delivery system. In the event i-Deal's summary of the**

\* Approximate; subject to adjustment.

terms of sale of the Bonds disagrees with this Official Notice in any particulars, the terms of this Official Notice shall control (unless notice of an amendment hereto is given as described above).

Issue: The terms of issuance, principal and interest repayment, optional redemption, security, tax opinion, and all other information regarding the Bonds and the District are given in the Preliminary Official Statement which each bidder must have obtained and reviewed prior to bidding for the Bonds. This notice governs only the terms of sale, bidding and closing procedures.

Principal Payments: (preliminary; subject to change)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount*</u>
2006	\$400,000	2019	5,575,000
2007	400,000	2020	5,855,000
2008	1,410,000	2021	6,150,000
2009	2,455,000	2022	6,455,000
2010	3,485,000	2023	6,780,000
2011	4,155,000	2024	7,115,000
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2013	5,730,000	2026	7,845,000
2014	6,580,000	2027	8,240,000
2015	7,385,000	2028	8,650,000
2016	4,815,000	2029	9,125,000
2017	5,060,000	2030	9,625,000
2018	5,310,000		

Serial Bonds and/or Term Bonds: The Bonds shall be issued as serial maturities as shown in the table above, unless the bidder requests the creation of one or more term Bonds by combining any two or more consecutive serial maturities. For any term Bond, the amount of principal paid in each year as the mandatory sinking fund payment shall be the amount shown above as maturing in such year.

Adjustment of Principal Amounts: The principal amounts of each maturity of Bonds set forth above reflect certain estimates of the District and its financial advisor with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. Following the determination of the successful bidder, the Treasurer-Tax Collector of the County (the "County Treasurer"), acting on behalf of and in consultation with the District, reserves the right to increase or decrease the principal amount of each maturity of the Bonds, in \$5,000 increments, by an amount not to exceed 10% of each such principal payment; provided, however, that the adjusted aggregate principal amount of the Bonds shall not exceed \$141,000,000. Such adjustment shall be made within 26 hours of the bid opening and in the sole discretion of the County Treasurer, upon a recommendation of the District. The aggregate price bid by the successful bidder will be adjusted by the County Treasurer proportionate to any increase or decrease in the aggregate principal amount of the Bonds and without consideration for the reoffering price by the successful bidder to the

\* Approximate; subject to adjustment.



public of any individual maturity of the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

Interest: Interest is payable on February 1 and August 1 of each year, commencing February 1, 2006. Interest is calculated on the basis of a 30-day month, 360-day year from the date of the Bonds. Each Bond shall bear interest at the specified rate from its date to its stated maturity date, and all Bonds maturing at any one time shall bear the same rate of interest.

Bidders must specify the rate or rates of interest which the Bonds hereby offered for sale shall bear. Bidders will be permitted to bid a single rate of interest for each bond maturity, according to the following:

- (i) Each interest rate must be a multiple of 1/8 or 1/20 of 1% per annum.
- (ii) Each interest rate must be greater than zero and no interest rate may exceed 12.00% per annum.

The true interest cost ("TIC") to the District may not exceed 8.0%, calculated as provided in "TERMS OF SALE—Best Bid" herein.

#### TERMS OF SALE

Best Bid: The Bonds will be awarded to the responsible bidder submitting the best responsive bid, considering the interest rate or rates specified and the premium offered, if any. The best bid will be the bid which represents the lowest true interest cost ("TIC") to the District. The TIC is the discount rate which, when discounted semiannually and used to discount all debt service payments on the Bonds to the date of the Bonds, results in an amount equal to the price bid for the Bonds. In the event that two or more bidders offer bids at the same lowest TIC, the District will determine by lot which bidder will be awarded the Bonds. For the purpose of calculating the TIC, the mandatory sinking fund payments, if any (*see* "TERMS OF THE BONDS—Serial Bonds and/or Term Bonds" above), shall be treated as serial maturities in such years. The determination of the bid representing the lowest TIC will be made without regard to any adjustments made or contemplated to be made after the award by the County Treasurer, as described herein under "TERMS OF THE BONDS—Adjustment of Principal Amounts", even if such adjustments have the effect of raising the TIC of the successful bid to a level higher than the bid containing the next lowest TIC prior to adjustment.

**Payment of Issuance Costs: The successful bidder will be required to pay \$255,000 in costs of issuance of the Bonds and the estimated (for bidding purposes) municipal bond insurance premium of \$745,000 from underwriter's gross compensation at the time of delivery of the Bonds. This amount should *not* be added to the price paid for the bonds. *Payment of this amount is not optional.* Therefore, bidders should include payment of such costs in calculating their bids.**

Form of Bid; Delivery of Bids: No bid will be accepted for less than all of the Bonds or for a purchase price less than the par amount of the Bonds. All bids must be unconditional. All

bids must be received by the District or its agents no later than 10:00 a.m. California time on Tuesday, August 23, 2005, or such other date and time as may be determined in accordance with this Official Notice of Sale. **All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.**

By submission of its bid, each bidder shall be deemed to have made the following representations:

(1) The bidder has previously submitted a financial surety bond complying with the requirements of this Official Notice of Sale, or enclosed a cashier's check drawn on a bank or trust company transacting business in the State of California, payable to the order of the Treasurer-Tax Collector of the County of Alameda, in the amount of \$50,000. The bidder understands that no interest will be paid on good faith deposits.

(2) The bidder has received and reviewed the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement") and as a condition to bidding on the Bonds, has determined that it can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(3) As of the date of its bid and as of the date of delivery of the Bonds, all members of the bidder's syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC.

Bids may be delivered by hand, by facsimile transmission, or by electronic transmission via i-Deal/Parity, as follows:

*Hand Delivery:* Bids delivered by hand must be on the official bid form attached hereto, signed by the bidder, and enclosed in a sealed envelope addressed to the Treasurer, County of Alameda, c/o the Financial Advisor of the District at the address given on Page 1 of this Official Notice, and clearly marked "Proposal for \$141,000,000 Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005", (or words of similar import). If the sale of the Bonds is canceled or postponed, all sealed bids shall be returned unopened.

*Electronic Transmission:* Solely as an accommodation to bidders, the District will accept bids in electronic form exclusively through i-Deal LLC's Parity System ("Parity"). Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with Parity, that the District neither endorses nor encourages the use of Parity, and that Parity is not acting as an agent of the District. Instructions and forms for submitting electronic bids must be obtained from Parity. Bidders may contact Parity directly at (212) 849-5021 or at the Parity website: <https://www.newissuehome.i-deal.com>.

**Warnings Regarding Electronic Transmission:** The District assumes no responsibility for ensuring or verifying bidder compliance with Parity's procedures. The District shall be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder. The District, the County, the Financial Advisors and Bond Counsel assume no responsibility for any malfunction of the Parity system, any failure of a bid to be received at the official time, or any error contained in any bid submitted electronically. The official time for receipt of bids will be determined by the District at the place of bid opening, and the District shall not be required to accept the time kept by Parity as the official time. In the event of a malfunction of the

Parity system, bidders should submit their bids by facsimile or hand delivery on the official bid form attached hereto.

*Facsimile Transmission:* Solely as an accommodation to bidders, the District will accept bids submitted by facsimile transmission. Bids delivered by facsimile transmission must be on the official bid form attached hereto, signed by the bidder, and sent to **FAX NO. (510) 208-8282**, Attention: Ruth Alahydoian

***Warnings Regarding Fax Bids:*** A bid submitted by facsimile transmission will be deemed late and will not be evaluated unless, at precisely the time indicated above for submission of bids, the entire bid has been fully ejected from the receiving fax machine at the place of the bid opening, such that the interest rates, total purchase price, and name and signature of the bidder are clearly readable by that time. The official time for receipt of bids will be determined by the District at the place of bid opening, and the District shall not be required to accept any bidder's fax machine time-stamp as evidence of a timely bid. Neither the District, the County, the Financial Advisor, nor Bond Counsel shall be responsible for, and the bidder expressly assumes the risk of, any incomplete, illegible or untimely bid submitted by facsimile transmission by such bidder, including, without limitation, by reason of garbled transmission, mechanical failure, engaged telephone or telecommunications lines, or any other cause arising from delivery by facsimile transmission rather than by hand. Bidders may call (510) 839-8200 to confirm receipt of their bids; however the District takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or not received.

**THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID, WHETHER DELIVERED BY HAND, FACSIMILE OR ELECTRONIC TRANSMISSION, IS TIMELY, LEGIBLE AND COMPLETE.**

*Multiple Bids:* In the event multiple bids are received from a single bidder by any means or combination thereof, the District shall accept the bid representing the lowest true interest cost to the District, and each bidder agrees by submitting any bid to be bound by such best bid.

Statement of True Interest Cost (TIC): Each bidder is requested, but not required, to state in its bid the total percentage TIC, which shall be considered as informative only and not binding on either the bidder or the District.

Good Faith Deposit: A good faith deposit (the "Deposit") in the form of a cashier's check in immediately available funds, or a financial surety bond, in each case in the amount of \$50,000, payable to the order of the Treasurer-Tax Collector of the County of Alameda, is required with each bid to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid. If a check is used, it must accompany the bid. If a financial surety bond is used, it must be issued by an insurance company licensed to issue such a bond in the State of California, and such bond must be submitted to the District's Financial Advisor prior to opening of the bids. The financial surety bond must identify the bidder whose Deposit is guaranteed by such financial surety bond, and the District assumes no responsibility for any failure of a financial surety bond to list any bidder or to be received on a timely basis as described in the preceding sentence. If the Bonds are awarded to a bidder submitting a financial surety bond, then said successful bidder is required to submit its Deposit to the County Treasurer in the form of a cashier's check (meeting the requirements set forth above) or by wire transfer not later than 12:00 p.m. on the next business day

following the award. If such Deposit is not received by that time, the financial surety bond shall be drawn by the County Treasurer to satisfy the Deposit requirement. Wiring instructions will be provided to the successful bidder.

The County Treasurer does not endorse the use of a financial surety bond or any particular financial surety provider. The County Treasurer will accept a financial surety bond in lieu of a cashier's check under the terms described herein solely as an accommodation to bidders, and it is understood and agreed by each bidder using such a bond that the bidder must make its own arrangements with the provider of the bond, including ensuring that evidence of the financial surety bond is provided to the District's financial advisor.

No interest will be paid upon the Deposit made by any bidder. Deposit checks of all bidders (except the successful bidder) will be returned by the County promptly following the award of the Bonds to the successful bidder. The Deposit of the successful bidder will, immediately upon acceptance of its bid, become the property of the District to be held and invested for the exclusive benefit of the District. The principal amount of such Deposit shall be applied to the purchase price of the Bonds at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the successful bidder shall have no right in or to the Bonds or to the recovery of its Deposit, or to any allowance or credit by reason of such Deposit, unless it shall appear that the Bonds would not be validly issued if delivered to the successful bidder in the form and manner proposed. In the event of nonpayment by the successful bidder, the amount of the Deposit shall be retained by the District as and for liquidated damages for such failure by the successful bidder, and such retention shall constitute a full release and discharge of all claims by the District against the successful bidder arising from such failure. The District's actual damages in such event may be greater or may be less than the amount of the Deposit. Each bidder waives any right to claim that the District's actual damages are less than such amount.

Municipal Bond Insurance Policy: Payment of principal of and interest on the Bonds will be insured by a municipal bond insurance policy to be issued by MBIA Insurance Corporation.

The winning bidder will be required to pay the bond insurance premium of MBIA as a condition to delivery of the Bonds. The District estimates the bond insurance premium to be \$745,000, and bids should be calculated on that basis. The bond insurance premium will be adjusted upon determination of the best bid and any resizing of the issue as permitted herein, to 29 basis points of the total adjusted debt service to maturity. If the adjusted bond insurance premium is less than \$745,000, the difference will be added to the bidder's purchase price of the bonds as additional bid premium. If the adjusted premium is more than \$745,000, the difference will be paid from the \$255,000 in costs of issuance the winning bidder is required to pay. In either case, the winning bidder will pay neither more nor less than the purchase price bid (as adjusted for resizing of the issue), plus \$745,000 (the estimated bond insurance premium), plus \$255,000 (designated for costs of issuance).

Right of Rejection: The County Treasurer, acting on behalf of and in consultation with the District, reserves the right to reject any and all bids and to waive any irregularity or informality in any bid which does not have a material effect, or change the ranking of the bids

received. If the sale of the Bonds is cancelled or postponed, all sealed bids shall be returned unopened.

Prompt Award: The County Treasurer or his designee will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of the bids, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

## CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment: Delivery of the Bonds through the facilities of DTC will be made to the successful bidder in New York, New York, as soon as the Bonds can be prepared, which it is estimated will be on or about August 31, 2005. Payment for the Bonds must be made in funds immediately available in San Francisco, California, on the date of delivery. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder. The cost of printing the Bonds will be borne by the District.

Right of Cancellation: The successful bidder shall have the right, at its option, to cancel its obligation to purchase the Bonds if the Bonds are not executed and tendered for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of its good faith deposit.

CUSIP Numbers and Other Fees: It is expected that the successful bidder will apply for CUSIP identification numbers for the Bonds, and furnish such numbers to Bond Counsel. It is anticipated that such CUSIP numbers will be printed on the Bonds being delivered to DTC, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms and conditions of its bid. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District, but the CUSIP Service Bureau charge for the assignment of such numbers shall be paid by the successful bidder. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, New York, New York, The Bond Market Association, the Municipal Securities Rulemaking Board and any other similar entity imposing a fee in connection with the issuance of the Bonds.

California Debt and Investment Advisory Commission Fee: Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Bonds shall be charged any California Debt and Investment Advisory Commission fee payable with respect to the Bonds.

Certification of Reoffering Prices: The successful bidder shall be required, as a condition to delivery of the Bonds, to certify to the District by fax within 2 business hours of telephone confirmation of the winning bid and followed in writing within 2 days of the award of the Bonds, in form and substance satisfactory to the District and to Bond Counsel, (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the

general public; and (iii) the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold to the general public.

Litigation: There is no litigation pending concerning the validity of the Bonds, the corporate existence of the District or the entitlement to their respective offices of the officers of the County who will execute the Bonds and other documents or certificates, or the power of the County to levy and collect taxes on behalf of the District for payment of, and to pay interest and principal on, the Bonds, and the District will furnish to the successful bidder a no-litigation certificate or certificates certifying the foregoing as of and at the time of the delivery of the Bonds.

Legal Opinion: The legal opinion of Orrick, Herrington & Sutcliffe LLP approving the validity of the Bonds, addressed to the District, will be furnished to the successful bidder upon delivery of the Bonds. Copies of the opinion will be filed with DTC and with the Paying Agent.

Tax Matters: Orrick, Herrington & Sutcliffe LLP will render to the District its legal opinion with respect to tax-exemption of the interest paid on the Bonds. See the discussion of Tax Matters in the Official Statement hereinafter referred to. In the event that prior to the delivery of the Bonds (a) the income received by private holders from obligations of the same type and character shall be declared to be includable in gross income (either at the time of such declaration or at any future date) for purposes of federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse tax effect on holders of the Bonds as such, the successful bidder may, at its option, prior to the tender of the Bonds by the Board, be relieved of its obligation to purchase the Bonds, and in such case the deposit accompanying its bid will be returned. For purposes of the preceding sentence, interest will be treated as excludable from gross income for federal income tax purposes whether or not it is includable as an item of tax preference for calculating alternative minimum taxes or otherwise includable for purposes of calculating certain other tax liabilities.

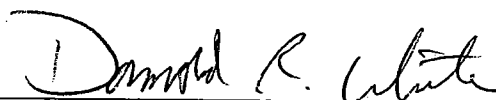
Official Statement: The District has authorized the adoption of an official statement relating to the Bonds. A copy of the Preliminary Official Statement will be furnished upon request to the Financial Advisor at the address given on page one of this notice. The Preliminary Official Statement is in form "deemed final" by the issuer for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement. The District will furnish to the successful bidder, at no expense to the successful bidder, up to 200 copies of the final Official Statement within seven business days of the award date.

Official Statement Certificate: The District will provide to the successful bidder for the Bonds a certificate, signed by an official of the District, confirming to the successful bidder that, at the time of the acceptance of the bid for the Bonds and at the time of delivery thereof, to the best of the knowledge of said official, the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except that no view shall be expressed concerning information regarding DTC and its book-entry only system, information provided by the County Treasurer regarding County investments, information provided by the successful bidder regarding the underwriting, reoffering, and CUSIP identification numbers of the Bonds, and information regarding a municipal bond insurance policy with respect to the Bonds and the provider thereof), and that there has been no material adverse change in the financial

condition or affairs of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

Continuing Disclosure Agreement: In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events. The District intends to enter an agreement with Digital Assurance Corporation for continuing disclosure services.

Dated: August 16, 2005.



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Treasurer-Tax Collector  
County of Alameda

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State Administrator  
Oakland Unified School District

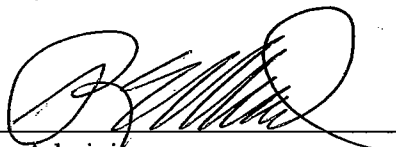
condition or affairs of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

Continuing Disclosure Agreement: In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement. The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events. The District intends to enter an agreement with Digital Assurance Corporation for continuing disclosure services.

Dated: August 16, 2005.

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Treasurer-Tax Collector  
County of Alameda



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State Administrator  
Oakland Unified School District



**OFFICIAL BID FORM**  
August 23, 2005 at 10:00 a.m.

**BIDDING FIRM'S NAME:**

Treasurer-Tax Collector  
County of Alameda  
c/o Kelling, Northcross & Nobriga  
1333 Broadway, Suite 1000  
Oakland, CA 94612-1926  
FAX NO. (510) 208-8282

**Authorized Signatory:**

\_\_\_\_\_  
(signature)

**Re: \$141,000,000\***  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**(County of Alameda, State of California)**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2000, SERIES 2005**

*By the authorized signature above, we hereby submit this bid (consisting of the Premium, Purchase Price, and Interest Rates entered below) for the above-described Bonds in accordance with the Official Notice of Sale relating thereto dated August 16, 2005, which Notice together with all representations and agreements on Page 2 hereof are hereby made part of this bid:*

**Par Value: \$141,000,000 + Premium: \$ \_\_\_\_\_ = Purchase Price: \$ \_\_\_\_\_.**  
*(plus accrued interest to the date of delivery)*

<u>Maturity (August 1)</u>	<u>Principal Amount*</u>	<u>Check if Term Bonds**</u>	<u>Interest Rate</u>	<u>Maturity (August 1)</u>	<u>Principal Amount*</u>	<u>Check if Term Bonds**</u>	<u>Interest Rate</u>
2006	\$400,000	___	____%	2019	5,575,000	___	____%
2007	400,000	___	____	2020	5,855,000	___	____
2008	1,410,000	___	____	2021	6,150,000	___	____
2009	2,455,000	___	____	2022	6,455,000	___	____
2010	3,485,000	___	____	2023	6,780,000	___	____
2011	4,155,000	___	____	2024	7,115,000	___	____
2012	4,925,000	___	____	2025	7,475,000	___	____
2013	5,730,000	___	____	2026	7,845,000	___	____
2014	6,580,000	___	____	2027	8,240,000	___	____
2015	7,385,000	___	____	2028	8,650,000	___	____
2016	4,815,000	___	____	2029	9,125,000	___	____
2017	5,060,000	___	____	2030	9,625,000	___	____
2018	5,310,000	___	____				

\* Preliminary; subject to adjustment pursuant to Official Notice of Sale.

\*\* **Please!** Clearly indicate each Term Bond so that Serial Maturities of the same coupon rate are distinguished from Serial Maturities comprising a single Term Bond. E.g., circle maturity, or indicate beginning and end of each Term Bond. No mandatory sinking fund payments shall be required to be made prior to August 1, 2006.

**Interest Rate Restrictions:** Each interest rate bid is a multiple of 1/8 or 1/20 of 1% per annum. Each interest rate must be greater than zero and no interest rate may exceed 12.00% per annum.

By execution on the first page of this bid by an authorized officer, we hereby represent:

(1) We have previously submitted a financial surety bond complying with the requirements of the Official Notice of Sale, or enclose herewith a cashier's check drawn on a bank or trust company transacting business in the State of California, payable to the order of the Treasurer-Tax Collector of the County of Alameda, in the amount of \$50,000. We understand that no interest will be paid on good faith deposits.

(2) We have received and reviewed the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement") and as a condition to bidding on the Bonds, have determined that we can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(3) As of the date of this bid and as of the date of delivery of the Bonds, all members of our syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

(4) Our computation of the True Interest Cost (TIC) to the District under the foregoing proposal, made as provided in the Official Notice of Sale, is \_\_\_\_\_%. Our computation of the gross interest cost to the District (net of any premium bid) under the foregoing proposal is \$\_\_\_\_\_. These estimates are for informational purposes only and not binding on the District or on the undersigned.

(5) We understand that in addition to the total purchase price bid stated above, we will be required to pay \$255,000 in costs of issuance of the Bonds on behalf of the District and the premium for a policy of municipal bond insurance, as calculated pursuant to the Official Notice of Sale, from underwriter's gross compensation at the time of delivery of the Bonds.

We hereby request that \_\_\_\_\_ (not to exceed 200) printed copies of the Official Statement with respect to the Bonds be furnished to us in accordance with the terms of the Official Notice of Sale.

Very truly yours,

\_\_\_\_\_  
Company  
By \_\_\_\_\_ *[executed on first page of bid form]*  
Authorized Representative

\_\_\_\_\_  
Title

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Zions First National Bank, parent company of Kelling, Northcross & Nobriga, is not a participant in this bidding syndicate or other similar account formed for the purpose of purchasing the Bonds directly or indirectly from the District.

Bidder's representative to be contacted regarding closing procedures:

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Receipt of Return of Bidder's unaccepted Good Faith Check Hereby Acknowledged:

By \_\_\_\_\_  
Authorized Representative

# COMPETITIVE SALE NOTICES

also available online at [www.bondbuyer.com](http://www.bondbuyer.com)

To place your Notice of Sale in The Bond Buyer, please email it to [nos@sourcemediacom.com](mailto:nos@sourcemediacom.com). The email deadline is 12 noon EST, one business day prior to the publication date. You may also fax your notice to 1.212.843.9619. The fax deadline is 12 noon EST, two business days prior to the publication date. Please include on all transmissions your phone and fax numbers, and your name and address for the delivery of the tearsheet, affidavit, and invoice. For more information, please call Kerry-Ann C. Parkes at 1.212.803.8436.

## NOTICE OF BOND SALE \$24,570,000\*

### CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA ERIE COUNTY, NEW YORK SCHOOL DISTRICT REFUNDING SERIAL BONDS, 2005 (BOOK-ENTRY-ONLY)

Dated Date: Date of Delivery (Anticipated to be September 13, 2005)  
Maturity Dates: April 15, 2006-2021  
Sale Date: August 23, 2005  
Bids Accepted Until: 11:00 A.M. (Prevailing Time)  
Location: Capital Markets Advisors, LLC  
4211 North Buffalo Road, Suite 19  
Orchard Park, New York 14127  
Phone: (716) 662-3910 Fax: (716) 662-6684

Sealed proposals will be received and considered by the undersigned President (or his designated agent) of the Board of Education of City School District of the City of Tonawanda (the "School District") as outlined above for the purchase of \$24,570,000\* School District Refunding Serial Bonds, 2005 of the School District (the "Bonds"). The Bonds will be issued to advance refund various School District obligations.

The Bonds will be valid and legally binding general obligations of the School District, for the payment of which the School District will pledge its faith and credit. All the taxable real property in the School District will be subject to the levy of ad valorem real estate taxes to pay the principal of the Bonds and the interest thereon, without limitation as to rate or amount.

The Bonds are payable in annual installments on April 15 in each year as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2006	\$1,520,000	2012	\$1,400,000	2017	\$1,735,000
2007	1,185,000	2013	1,455,000	2018	1,755,000
2008	1,190,000	2014	1,510,000	2019	1,820,000
2009	1,245,000	2015	1,560,000	2020	1,910,000
2010	1,300,000	2016	1,660,000	2021	1,975,000
2011	1,350,000				

\*The amount of the issue, purchase price and maturity amounts of the Bonds are subject to change depending upon the actual interest rates bid and the successful bidder's initial reoffering yields, in order to effectuate the School District's plan of refunding certain outstanding debt. Accordingly, the District reserves the right, in its discretion, to increase or decrease the size of the issue and the maturity amounts of the Bonds, provided, however, that no maturity amount may be adjusted by more than \$100,000 and the total size of the issue may not exceed \$25,500,000 after the bids have been opened. Such adjustments will be made within 24 hours following the opening of the bids. The successful bidder may neither withdraw nor modify its bid as a result of any such post-bid adjustment. Any such adjustment shall be conclusive, shall be promptly communicated to the successful bidder, and shall be binding on the successful bidder. The Bonds of each maturity, as adjusted, will bear interest at the same interest rate as specified for that maturity in the Proposal for Bonds submitted by the successful bidder for the Bonds, and must have the same initial reoffering yields as thereafter specified by such bidder. Notwithstanding any post-bid adjustment, and provided the District will receive at the time of delivery of such Bonds an amount which together with the amount of the good faith deposit theretofore received is at least equal to the par amount (as the same may have been adjusted) of the Bonds, the District will hold constant, on a per Bond basis, the successful bidder's underwriting spread with respect to such Bonds. However, the award will be made to the bidder whose bid produces the lowest net interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of Bonds pursuant to this paragraph.

The Bonds maturing on or before April 15, 2015 are not subject to redemption prior to maturity. The Bonds maturing on or after April 15, 2016 will be subject to redemption prior to maturity, at the option of the School District, on any date on or after April 15, 2005, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

The Bonds will be dated September 13, 2005 and will mature on April 15 in the years and amounts stated above (subject to adjustment as described above) and will bear interest payable semi-annually on April 15 and October 15 of each year to maturity, commencing on April 15, 2006.

The Bonds will be issued in registered form by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company or its nominee ("DTC") and will be immobilized in its custody. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfer of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., its nominee, to be held in trust until maturity or earlier redemption. Interest on the Bonds and the principal of the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest pay-

ments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

THE BONDS HAVE NOT BEEN DESIGNATED AS "AND DO NOT CONSTITUTE, "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

Each proposal must state the amount bid for the Bonds (not less than \$24,570,000) and must state in multiples of one-hundredth of one percent or multiples of one-eighth of one percent the rate or rates of interest per annum which the Bonds are to bear. Bidders may state different rates of interest for Bonds maturing in different calendar years, with the following limitations: (a) only one rate of interest for each maturity and (b) the maximum difference between the highest and lowest interest rates may not exceed three percentum per annum (300 basis points). No proposed purchase price may be less than \$24,570,000 (representing the par value of the principal amount of the Bonds).

Each written proposal must be enclosed in a sealed envelope and should be marked on the outside "Proposal for School District Refunding Serial Bonds, 2005", and be addressed as follows to the Sale Officer, viz.: Gary Waterhouse, President of the Board of Education, City School District of the City of Tonawanda, c/o Capital-Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127. As a condition precedent to the consideration of this proposal a good faith deposit (the "Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of \$491,400 payable to the order of the School District is required for each bid to be considered. If a check is used, it must be drawn upon an incorporated bank or trust company to the order of "City School District of the City of Tonawanda" and must accompany the bid. If a surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of New York, the claims paying ability of which is rated in the highest rating category by at least two nationally recognized statistical rating organizations, and such bond must be submitted to the School District or its Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the bonds are to be awarded to a bidder utilizing a financial surety bond, then the purchaser is required to submit its Deposit to the School District in the form of a certified or cashier's check, or a wire transfer in such amount, as instructed by the School District or its Financial Advisor, not later than 3:00 o'clock P.M. (Prevailing Time) on the next business day following the award. If such deposit is not received by that time, the financial surety bond may be drawn by the School District to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. The check deposited by the bidder to whom the Bonds are awarded will be retained by the School District and the amount thereof shall be applied as provided by law. No interest will be allowed upon the deposit. The right is reserved to reject any and/or all bids, and except as hereinafter provided, any bid not complying with the terms of this notice may be rejected.

Unless all bids are rejected, the Bonds will be awarded to the bidder complying with the terms of sale and offering to purchase the Bonds at such rate or rates of interest as will produce the lowest net interest cost computed in accordance with the net interest cost method of calculation, that being the rate or rates of interest which will produce the least interest cost over the life of the Bonds, after accounting for the premium offered, if any. In the event the School District receives two or more bids specifying the same lowest net interest cost, then the successful bidder shall be selected by the President of the Board of Education by lot from among all said bidders. Notwithstanding anything herein to the contrary, the School District reserves the right to waive any technical defects, omissions or other deficiencies in the form of any proposal submitted for consideration.

Award of the Bonds to a successful bidder, or rejection of any bids, is expected to be made promptly after opening of the bids, but a successful bidder may not withdraw its proposal until after 5 o'clock P.M. (Prevailing Time) of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, the purchase of any such insurance policy, or the issuance of any such commitment therefor, shall be at the sole option and expense of such bidder and any increased costs of issuance of the Bonds resulting by reason of the same, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured, or of any such policy of insurance to be issued, shall not constitute cause for a failure or refusal by the purchaser of the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

The Bonds will be executed and delivered in escrow to DTC on or about September 12, 2005. The Bonds shall be paid for in Federal Funds or other funds available for immediate credit in New York, New York on or about September 13, 2005, or at such other place and time as may be agreed upon with the successful bidder.

THE SCHOOL DISTRICT RESERVES THE RIGHT TO CHANGE THE DATE AND TIME FOR THE OPENING OF BIDS. NOTICE OF ANY SUCH CHANGE SHALL BE PROVIDED NOT LESS THAN TWENTY-FOUR HOURS PRIOR TO THE TIME SET FORTH ABOVE FOR THE OPENING OF BIDS BY MEANS OF A SUPPLEMENTAL NOTICE OF BOND SALE TO BE TRANSMITTED OVER TMS. IN ADDITION, SUCH NOTICE SHALL BE GIVEN TO THE NEWS MEDIA AND SHALL BE POSTED IN ONE OR MORE DESIGNATED PUBLIC LOCATIONS WITHIN THE SCHOOL DISTRICT AT LEAST TWENTY-FOUR HOURS PRIOR TO THE TIME AND DATE SET FOR THE OPENING OF BIDS.

The population of the School District is estimated to be 16,136 (per 2000 U.S. Census estimate). The debt statement to be filed pursuant to Section 109.00 of the Local Finance Law in connection with the sale of the Bonds, prepared as of August 11, 2005, will show the average five-year full valuation of real property subject to taxation by the School District to be \$2,480,320,452, its debt limit to be \$24,803,205 and its total net indebtedness (prior to the issuance of the Bonds) to be \$22,226,155. The calculation of such bonded indebtedness has not taken into account any deductions therefrom of any apportionment of State aid for debt service for school district purposes to

which the School District may be entitled.

CUSIP identification numbers will be printed on the Bonds if Bond Counsel is provided with such numbers by the close of business on the date of sale of the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the School District, provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

As a condition to the purchaser's obligation to accept delivery of and pay for the Bonds, the purchaser will be furnished, without cost, the following, dated as of the date of the delivery of and payment for the Bonds: (i) a certificate of the President of the Board of Education certifying that (a) as of the date of the Official Statement furnished by the School District in relation to said Bonds, said Official Statement did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the School District is not guaranteed as to accuracy, completeness or fairness, the President of the Board of Education has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of the President of the Board of Education, since the date of said Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the School District and no material adverse changes in the general affairs of the School District or in its financial condition as shown in said Official Statement other than as disclosed or contemplated by said Official Statement, (ii) a Closing Certificate, evidencing receipt for the proceeds of the Bonds and a signature certificate, which will include a statement that no litigation is pending or, to the knowledge of the signers, threatened, affecting the Bonds, (iii) a tax certificate executed on behalf of the School District which includes, among other things, covenants, relating to compliance with the Internal Revenue Code of 1986, as amended (the "Code"), with the owners of the Bonds that the School District will, among other things, (a) take all actions on its part necessary to cause interest on the Bonds not to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereof, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (b) refrain from taking action which would cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes, and (iv) the approving opinion of Hodgson Russ LLP, Buffalo, New York, Bond Counsel, to the effect that the Bonds are valid and legally binding general obligations of the School District for which the School District has pledged its faith and credit and, unless paid from other sources, all the real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, without limitation as to rate or amount.

In the opinion of bond counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, with certain exceptions described in the body of the Official Statement prepared by the School District in connection with the sale of the Bonds, and such interest is exempt from New York State and New York City personal income taxes.

The Official Statement, dated August 11, 2005 relating to the Bonds is in a form "deemed final" for purposes of SEC Rule 15c2-12(b)(1), except for the omission therefrom of those items allowable under such Rule.

Any party executing and delivering a bid for the Bonds agrees, if its bid is accepted by the School District, to provide to the School District in writing, within two business days after the date of such award, all information which the purchaser determines is necessary for it to comply with SEC Rule 15c2-12, including all necessary pricing and sale information, information with respect to the purchase of bond insurance, if any, and underwriter identification. Within five business days following receipt by the School District thereof, the School District will furnish to the purchaser, in reasonable quantities as requested by the purchaser, copies of said Official Statement, updated as necessary, and supplemented to include said information. Failure by the purchaser to provide such information will prevent the School District from furnishing such Official Statement as described above. The School District shall not be responsible or liable in any manner for the purchaser's determination of information necessary to comply with SEC Rule 15c2-12 or the accuracy of any such information provided by the purchaser or for failure to furnish such Official Statements as described above which results from a failure by the purchaser to provide the aforementioned information within the time specified. Acceptance by the purchaser of such final Official Statements shall be conclusive evidence of the satisfactory completion of the obligation of the School District with respect to the preparation and delivery thereof.

The purchaser shall be obligated to furnish to the School District, when and if requested, prior to the delivery of the Bonds, such information requested by the School District as shall be necessary to enable the School District to determine the "issue price" of the Bonds as defined in Sections 1273 or 1274 of the Code.

The School District will agree in a continuing disclosure undertaking (the "Disclosure Undertaking") to provide, or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, (i) on or prior to the end of the sixth month of each fiscal year, certain annual financial information and operating data, for the preceding fiscal year, generally consistent with the information contained in the Official Statement; audited financial statements for the preceding fiscal year, if not available by such date will be provided not less than sixty days after receipt by the School District of such audited financial statements, but, in any event, not later than the last business day of each succeeding fiscal year, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the School District to provide the required annual financial information on or before the date specified in (i) above. Refer to the Official Statement for further details regarding the Disclosure Undertaking.

Requests for copies of the Official Statement of the School District relating to the Bonds offered hereby, additional copies of this Notice of Sale or any other additional information may be directed to Capital Markets Advisors, LLC, 4211 North Buffalo Road, Suite 19, Orchard Park, New York 14127, Phone (716) 662.3910, Fax (716) 662.6684.

Dated: August 11, 2005.

Gary Waterhouse  
President, Board of Education

**NOTICE OF INTENTION TO SELL**  
**Not to Exceed \$6,500,000**  
**TRUCKEE PUBLIC FINANCING AUTHORITY**  
**LEASE REVENUE REFUNDING BONDS, SERIES 2005**  
**(Bank Qualified)**

NOTICE IS HEREBY GIVEN that the above Bonds will be offered for public sale by the Truckee Public Financing Authority on Wednesday, **August 31, 2005**, at the hour of 8:30 A.M., California time, at the Office of the Administrative Services Director, Town of Truckee, 10183 Truckee Airport Road, Truckee, CA 96161-3306, subject to all of the terms and conditions of the Official Notice of Sale describing the Bonds, copies of which (along with a Preliminary Official Statement relating to the Bonds) may be requested from the Financial Advisor to the Authority, Johnson Consulting Group (telephone (702) 294-5100, email: scott@munifa.biz) or are available to authorized users at the **PARITY**® website at [www.i-deal-prospectus.com](http://www.i-deal-prospectus.com). **Legal Opinion:** Orrick, Herrington & Sutcliffe LLP.

The date, time and terms of the Bond sale may be changed at the sole discretion of the Authority by providing notice thereof through The Bond Buyer Wire, Munifacts and/or Bloomberg as soon as practicable prior to the then-scheduled sale date of the Bonds.

Dated: August 16, 2005.

**NOTICE OF INTENTION TO SELL**  
**Not to Exceed \$141,000,000**  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**(County of Alameda, State of California)**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2000, SERIES 2005**

NOTICE IS HEREBY GIVEN that the above Bonds will be offered for public sale by the Board of Supervisors of the County of Alameda, State of California, on **Tuesday, August 23, 2005, at the hour of 10:00 A.M.**, California time (or on such other date and time as may be determined by the County as provided in the paragraph below), at the offices of the Financial Advisor to the District, Kelling, Northcross & Nobriga, 1333 Broadway, Suite 1000, Oakland, CA 94612-1926, subject to all of the terms and conditions of the Official Notice of Sale describing the Bonds, copies of which (along with a Preliminary Official Statement relating to the Bonds) may be requested from the Financial Advisor to the District at the above address (telephone (510) 839-8200, fax (510) 208-8282) or are available to authorized users at the **PARITY**® website at [www.i-dealprospectus.com](http://www.i-dealprospectus.com). **Legal Opinion:** Orrick, Herrington & Sutcliffe LLP.

The date and time of the Bond sale may be changed at the sole discretion of the County by providing notice thereof through The Bond Buyer Wire as soon as practicable prior to the then-scheduled sale date and time of the Bonds.

Dated: August 16, 2005.

Competitive Bond and Note Sales that are advertised in The Bond Buyer print are also posted on The Bond Buyer Online until the sale date.

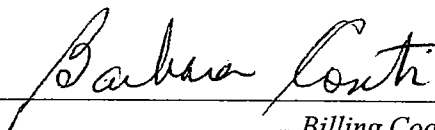
For more information on NOS advertising, please call Kerry-Ann C. Parkes at 1.212.803.8436 or send an email to [NOS@sourcemedia.com](mailto:NOS@sourcemedia.com).

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**City and County of New York, ss.:-**

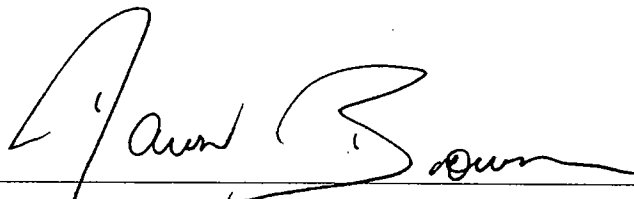
Barbara Conti, being duly sworn, says that she is the Billing Coordinator of the BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said BOND BUYER on August 16, 2005



*Billing Coordinator*

*Subscribed and sworn to before me this*

16<sup>th</sup> of August 2005



Dawn Brown  
Notary Public, State of New York  
No. 01BR5021063  
Qualified in Kings County  
Commission Expires December 6, 2005

**CERTIFICATE OF AWARD**

The undersigned, Donald R. White, Treasurer-Tax Collector of the County of Alameda, State of California (the "County"), on behalf of the Oakland Unified School District (the "District"), which is located in the County, pursuant to powers delegated to me by a resolution adopted by the Board of Supervisors of the County on June 28, 2005 (the "Resolution"), duly authorizing the issuance and sale of not to exceed \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), hereby certify with respect to the award of said Bonds as follows:

**ACCEPTANCE OF BID**

1. On August 23, 2005, at 10:00 a.m., the proposals for purchase of the Bonds, summarized in Schedule A-Bid Results attached hereto, were received and opened in accordance with the Official Notice of Sale for the purchase of the Bonds, dated August 16, 2005 (the "Official Notice of Sale").

2. The proposal submitted by Citigroup Global Markets Inc. is in compliance with all of the terms and conditions set forth in the Official Notice of Sale.

3. The bid of Citigroup Global Markets Inc. is the best responsive bid as determined by the method of calculation for such best responsive bid, set forth in the Official Notice of Sale, as follows:

Purchase Price: (including premium)	\$146,532,496.45
Total Debt Service: (dated date to maturity)	\$246,469,195.28
True Interest Cost:	4.376341%

4. The Bonds are hereby awarded to Citigroup Global Markets Inc. (the "Purchaser") based on the true interest cost shown above.

5. All proposals set forth in Schedule A-Bid Results other than said accepted bid of the Purchaser are hereby rejected.

## TERMS OF THE BONDS

1. The Bonds shall be dated August 31, 2005.
2. The aggregate principal amount of the Bonds is hereby determined to be \$141,000,000, and the adjusted True Interest Cost is hereby determined to be 4.374435%.
3. The adjusted purchase price of the Bonds is \$146,562,496.45.
4. The maturity dates, principal amounts, and interest rates of each maturity of the Bonds shall be as set forth in the summary of the accepted bid of the Purchaser attached hereto as Schedule B.
5. Interest on the Bonds shall be payable on February 1 and August 1 of each year, commencing February 1, 2006.
6. (a) The Bonds shall be subject to optional redemption in accordance with the terms specified in the Resolution, to wit:

Bonds maturing on or before August 1, 2015, shall not be subject to redemption prior to their respective stated maturity dates. Bonds maturing in each year beginning August 1, 2016, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2015. Bonds redeemed at the option of the District shall be redeemed at a price equal to the principal amount of the Bonds called for redemption on the redemption date, plus accrued interest to the date thereof. If less than all of the Bonds are called for redemption, such Bonds shall 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 such Bonds of a given maturity to be redeemed shall be determined by lot.

(b) The Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005, shall be subject to mandatory sinking fund redemption prior to their stated maturity date, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and years shown in Schedule B attached hereto.

This award of the Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005, is hereby made at the date and time below.

Dated: August 23, 2005.

COUNTY OF ALAMEDA

By Donald R. White

Donald R. White  
Treasurer-Tax Collector

**SCHEDULE A**

(To Certificate of Award)

**Oakland Unified School District  
General Obligation Bonds  
Election of 2000, Series 2005**

**BID RESULTS**

*[attached]*



10:29:20 a.m. PDST

**Bid Results**

**Oakland USD**  
**\$141,000,000 General Obligation Bonds, Election of 2000**  
**Series 2005**

The following bids were submitted using **PARITY**<sup>®</sup> and displayed ranked by lowest TIC.  
 Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> <b>Reoffering</b>	<a href="#">Citigroup Global Markets Inc.</a>	4.376341
<input type="checkbox"/>	<a href="#">Lehman Brothers</a>	4.396223
<input type="checkbox"/>	<a href="#">Merrill Lynch &amp; Co.</a>	4.397488
<input type="checkbox"/>	<a href="#">Wachovia Bank, National Association</a>	4.421249
<input type="checkbox"/>	<a href="#">Banc of America Securities LLC</a>	4.448026

\*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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**SCHEDULE B**  
(To Certificate of Award)

**Oakland Unified School District  
General Obligation Bonds  
Election of 2000, Series 2005**

**MATURITY SCHEDULE**  
(Summary of Accepted Bid)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2006	\$400,000	3.000%
2007	400,000	3.000
2008	1,410,000	3.000
2009	2,455,000	3.000
2010	3,485,000	5.000
2011	4,155,000	5.000
2012	4,925,000	5.000
2013	5,730,000	5.000
2014	6,580,000	5.000
2015	7,385,000	5.000
2016	4,815,000	5.000
2017	5,060,000	5.000
2018	5,310,000	4.000
2019	5,575,000	4.000
2020	5,855,000	4.000
2021	6,150,000	5.000
2022	6,455,000	5.000
2023	6,780,000	5.000
2024	7,115,000	5.000
2025	7,475,000	5.000
2026	7,845,000	5.000
2027	8,240,000	5.000

**\$27,400,000 TERM BOND  
MATURING AUGUST 1, 2030**

<u>Mandatory</u> <u>Sinking Fund</u> <u>Payment Date</u> <u>(August 1)</u>	<u>Sinking Fund</u> <u>Payment</u>	<u>Interest</u> <u>Rate</u>
2028	\$8,650,000	4.500%
2029	9,125,000	4.500
2030*	9,625,000	4.500

\* Maturity

(See "BOND INSURANCE" and "MISCELLANEOUS - Ratings" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 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 accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

**\$141,000,000****OAKLAND UNIFIED SCHOOL DISTRICT****(County of Alameda, California)****General Obligation Bonds, Election of 2000, Series 2005****Dated: Date of Delivery****Due: August 1, as shown below**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are issued on behalf of the Oakland Unified School District (the "District") (i) to finance specific construction and modernization projects approved by the voters and (ii) to pay costs of issuance of the Bonds. The Board of Supervisors of Alameda 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" and "SPECIAL INVESTOR CONSIDERATIONS" herein.

Interest on the Bonds is payable on February 1, 2006, and thereafter on each February 1 and August 1 to maturity. Principal of the Bonds is payable on August 1 in each of the years and in the amounts set forth below. 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 initially 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" herein.

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

The Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of such banks, are prudent for the investment of funds of depositors, and are eligible securities for deposits of public money in California. See "OTHER LEGAL MATTERS - Legality for Investment in the State of California" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA INSURANCE CORPORATION ("MBIA"). See "BOND INSURANCE" herein.

**MATURITY SCHEDULE**

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
2006	\$ 400,000	3.000%	2.750%	2017	\$5,060,000	5.000%	3.880%
2007	400,000	3.000	2.850	2018	5,310,000	4.000	4.050
2008	1,410,000	3.000	2.950	2019	5,575,000	4.000	4.090
2009	2,455,000	3.000	3.050	2020	5,855,000	4.000	4.120
2010	3,485,000	5.000	3.240	2021	6,150,000	5.000	4.010
2011	4,155,000	5.000	3.370	2022	6,455,000	5.000	4.040
2012	4,925,000	5.000	3.490	2023	6,780,000	5.000	4.070
2013	5,730,000	5.000	3.590	2024	7,115,000	5.000	4.110
2014	6,580,000	5.000	3.690	2025	7,475,000	5.000	4.130
2015	7,385,000	5.000	3.730	2026	7,845,000	5.000	4.160
2016	4,815,000	5.000	3.840	2027	8,240,000	5.000	4.190

\$27,400,000 4.500% Term Bonds due August 1, 2030 -- Yield 4.490%

Pursuant to the terms of a public sale on August 23, 2005, the Bonds were awarded to Citigroup Global Markets Inc., as Underwriter, at a true interest cost of 4.374435%. The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of their legality by Orrick, Herrington & Sutcliffe LLP, Bond 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 August 31, 2005.

Dated: August 23, 2005

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 exempted 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.

Kelling Northcross & Nobriga, as financial advisor to the District with respect to the Bonds, has read and participated in the preparation and review of certain portions of this Official Statement, but has not otherwise supervised the completion or editing thereof, and has not audited, authenticated or otherwise verified the information set forth herein, or any other related information available to the District, with respect to the accuracy or completeness of the disclosure of such information. The financial advisor makes no guaranty, warranty, or other representation respecting accuracy and completeness of the Official Statement or any other matter related thereto.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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 UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

**County of Alameda, California**

**Board of Supervisors**

Keith Carson - President (District 5)  
Scott Haggerty - Vice President (District 1)  
Gail Steele (District 2)  
Alice Lai-Bitker (District 3)  
Nate Miley (District 4)

**Administration**

Donald R. White  
*Treasurer-Tax Collector*

Patrick O'Connell  
*Auditor-Controller*

**Oakland Unified School District**

**Administration**

Randolph E. Ward, Ed.D.  
*State Administrator*

Javetta Robinson  
*CFO/Associate Superintendent*

Roy Combs  
*District Counsel*

Tim White  
*Assistant Superintendent, Facilities*

**Board of Education**

Gary Yee  
*President*

David Kakishiba  
*Vice President*

Kerry Hamill  
*Member*

Gregory Hodge  
*Member*

Noel Gallo  
*Member*

Dan Siegel  
*Member*

Alice Spearman  
*Member*

**Bond Counsel  
and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**Financial Advisor**

Kelling, Northcross & Nobriga  
a division of Zions First National Bank  
*Oakland, California*

**Paying Agent**

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

## TABLE OF CONTENTS

	Page
INTRODUCTION .....	1
The District.....	1
THE BONDS .....	2
Authority for Issuance; Purpose.....	2
Form and Registration.....	2
Payment of Principal and Interest .....	2
Redemption .....	3
Defeasance of Bonds.....	4
Unclaimed Moneys .....	5
Application and Investment of Bond Proceeds .....	5
Estimated Sources and Uses of Funds.....	6
Annual Debt Service .....	7
SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.....	7
General.....	7
Assessed Valuation of Property Within the District .....	8
Tax Rates, Levies, Collections and Delinquencies .....	10
BOND INSURANCE.....	14
SPECIAL INVESTOR CONSIDERATIONS.....	16
TAX MATTERS .....	19
OTHER LEGAL MATTERS .....	20
Legal Opinion.....	20
Legality for Investment in the State of California.....	21
Continuing Disclosure.....	21
No Litigation .....	21
MISCELLANEOUS.....	22
Ratings .....	22
Professionals Involved in the Offering.....	22
Underwriting .....	22
Additional Information.....	23

### APPENDICES

APPENDIX A – INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET .....	A-1
APPENDIX B – EXCERPTS FROM UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2004 .....	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL.....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.....	D-1
APPENDIX E – COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL.....	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM .....	F-1
APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....	G-1

**\$141,000,000**  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**(County of Alameda, California)**  
**General Obligation Bonds, Election of 2000, Series 2005**

**INTRODUCTION**

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (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 Agreement to be executed by the District. See "OTHER LEGAL MATTERS - Continuing Disclosure" herein.

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 resolutions providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for the complete provisions thereof. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the CFO/Associate Superintendent, 1025 Second Avenue, Oakland, CA 94606. The District may impose a charge for copying, mailing and handling.

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 Underwriter or owners of any of the Bonds.

**The District**

The District is located in and is approximately coterminous with the City of Oakland, California (the "City"), population 400,000, located on the east side of San Francisco Bay, approximately 10 miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining existing high school and elementary school districts.

The District currently operates 62 elementary schools, 17 middle schools, one alternative middle school, three alternative schools serving grades 6-12, 14 comprehensive senior high schools, seven alternative high school programs, and two special education schools. Twenty-six charter schools also operate within the District. Including the students in the charters, approximately 49,300 students are served in grades kindergarten through 12. As of the commencement of the 2005-06 school year, the District employed approximately 5,100 employees including certificated (credentialed teaching) staff, classified (non-teaching) staff, and management personnel. The District has adopted a Fiscal Year 2005-06 general fund budget reflecting expenditures of approximately \$396 million. Total assessed valuation of taxable property in the District in Fiscal Year 2004-05 is approximately \$28.8 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

The District is currently governed by a State Administrator (the "State Administrator") appointed by the State Superintendent of Public Instruction pursuant to special state legislation enacted in response to the District's request for financial assistance during the 2002-03 fiscal year. The seven-member elected Board of Education serves in an advisory capacity to the State Administrator, who acts with the authority of the Board of Education until certain State-mandated requirements have been satisfied. For discussion of the District's recent financial history and the terms of State administration of the District, see "SPECIAL INVESTOR CONSIDERATIONS" and APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - School District Governance; State Administration" and "- Recent Financial History of the District" herein. The State Administrator also serves in the operational and

financial management role usually belonging to a superintendent. On June 16, 2003, Randolph E. Ward, Ed.D. was appointed the State Administrator. Dr. Ward has been an educator for over 25 years. Prior to Dr. Ward's appointment to the District, he served as the State-appointed administrator for the Compton (California) Unified School District. Dr. Ward has also served as an elementary school principal and as an area superintendent for the Long Beach Unified School District in California.

For additional information about the District's operations and finances, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

## THE BONDS

### Authority for Issuance; Purpose

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of Alameda County on June 28, 2005 (the "Resolution"), at the request of the District by its resolution adopted on June 8, 2005 (the "District Resolution").

The District received authorization at an election held on March 7, 2000, by more than two-thirds of the votes cast by eligible voters within the District, to issue bonds of the District pursuant to the following ballot measure:

"To relieve overcrowding in Oakland's neighborhood schools and improve educational facilities for children, through projects such as constructing new schools; renovating classrooms and bathrooms; replacing electrical, plumbing, heating and ventilation systems; upgrading science labs and libraries; restoring arts/music rooms; and replacing deteriorating portable classrooms; shall Oakland Unified School District issue \$303,000,000 in bonds at authorized interest rates for acquisition and improvement of land and facilities, and appoint a citizens' oversight committee to guarantee funds are spent accordingly?"

The Bonds are the third series of the authorized bonds to be issued. For discussion of previously issued general obligation bonds of the District, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - District Debt Structure" and "- Other Audit Findings" herein.

### Form and Registration

The Bonds will be issued in fully registered form only, without coupons, 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 of the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Bonds 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. See APPENDIX F: "BOOK-ENTRY ONLY 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 cover page hereof on February 1 and August 1 of each year to maturity, commencing on February 1, 2006 (each, an "Interest Payment Date"), 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 January 15, 2006, will bear interest from the date of 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 by U.S. Bank National Association, acting as paying agent for the Bonds (the "Paying Agent"), to the person appearing on the registration books of the Paying Agent as the registered owner thereof (the "Owner") 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 at maturity, or upon redemption prior to maturity, upon surrender of Bonds at the principal office of the Paying Agent in San Francisco, California, or at such other place as the Paying Agent shall specify. 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 within the Alameda County treasury, consisting of *ad valorem* taxes collected and held by the Treasurer-Tax Collector of the County (the "County Treasurer"), together with any net premium and 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. See APPENDIX F: "BOOK-ENTRY ONLY SYSTEM".

## Redemption

**Optional Redemption.** The Bonds maturing on or before August 1, 2015, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after August 1, 2016, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2015, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium.

**Mandatory Sinking Fund Redemption.** The \$27,400,000 Term Bond maturing on August 1, 2030, 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
2028	\$8,650,000
2029	9,125,000
2030†	9,625,000

† Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

**Selection of Bonds for Redemption.** If less than all of the Bonds are called for redemption, such Bonds will be redeemed in inverse order of maturities (or as otherwise directed by the District). Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of \$5,000 denominations each, which may be separately redeemed.

**Notice of Redemption.** Notice of redemption of any Bond is required to be given by the Paying Agent not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books; (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories; (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities; and (iv) as may be further required in accordance with the Continuing Disclosure Agreement of the District. See APPENDIX D: "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Each notice of redemption is required to contain 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; (v) the dates of maturity of the Bonds to be redeemed; (vi) (if less than all of the then outstanding Bonds are to be called for redemption) the distinctive serial 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 principal corporate trust office of the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the designated redemption date. The actual receipt by the owner of any Bond or by any securities depository or information service of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

**Effect of Notice of Redemption.** When notice of redemption has been given substantially as provided for in the Resolution, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Resolution, 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 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.

**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.

#### **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 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, 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 to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or

before their respective maturity dates, in the opinion of a Certified Public Accountant licensed to practice in the State.

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

#### **Unclaimed Moneys**

Any money held in any fund created pursuant to the Resolution, or 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) shall 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 shall be transferred to the general fund of the District as provided and permitted by law.

#### **Application and Investment of Bond Proceeds**

The proceeds from the sale of the Bonds (net of premium, if any) will be deposited in the County treasury to the credit of the Building Fund of the District. Any premium or accrued interest received will be deposited in the Interest and Sinking Fund of the District in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. (For discussion of uses of prior general obligation bond proceeds of the District, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - Audit Findings - Bond Fund Audit" herein.) Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on Bonds of the District.

All funds held by the County Treasurer under the Resolution will be invested in the County Treasurer's investment pool pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California, and all or any portion of the Building Fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds. See Appendix E: "COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL."

**Estimated Sources and Uses of Funds**

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

**Oakland Unified School District  
General Obligation Bonds, Election of 2000, Series 2005  
Estimated Sources and Uses of Funds**

Sources of Funds

Par Amount of Bonds	\$141,000,000.00
Original Issue Premium	<u>7,454,326.45</u>
Total Sources	<u>\$148,454,326.45</u>

Uses of Funds

Deposit to Building Fund	\$141,000,000.00
Underwriter's Discount	921,830.00
Costs of Issuance <sup>(1)</sup>	<u>970,000.00</u>
Deposit to Interest and Sinking Fund <sup>(2)</sup>	<u>5,562,496.45</u>
Total Uses	<u>\$148,454,326.45</u>

- <sup>(1)</sup> Includes bond counsel fees, disclosure counsel fees, financial advisor fees, municipal bond insurance premium, rating agency fees, paying agent fees, printing fees and other miscellaneous expenses.
- <sup>(2)</sup> Consists of any premium received by the District.

## Annual Debt Service

The District has previously issued six series of bonds pursuant to an election held on November 8, 1994. The District has also issued two series of bonds pursuant to the election held on March 7, 2000, pursuant to which the Bonds were authorized. Refunding Bonds issued in 1998 replaced all of the Series A Bonds issued in 1994. For more detailed information regarding the District's obligations, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Debt Structure" herein. Upon issuance of the Bonds, scheduled debt service obligations for all outstanding bonds of the District will be as follows:

### Oakland Unified School District General Obligation Bonds Debt Service-Bond Year Basis

General Obligation Bonds, Election of 2000, Series 2005

Year Ending August 1	Outstanding Bonds Annual Debt Service	Principal	Interest	Annual Debt Service	Total
2005	\$20,881,945.02				\$20,881,945.02
2006	21,021,907.52	\$ 400,000.00	\$ 6,116,420.28	\$6,516,420.28	27,538,327.80
2007	20,957,807.52	400,000.00	6,640,300.00	7,040,300.00	27,998,107.52
2008	21,449,507.52	1,410,000.00	6,628,300.00	8,038,300.00	29,487,807.52
2009	21,678,747.52	2,455,000.00	6,586,000.00	9,041,000.00	30,719,747.52
2010	21,867,635.02	3,485,000.00	6,512,350.00	9,997,350.00	31,864,985.02
2011	22,498,647.52	4,155,000.00	6,338,100.00	10,493,100.00	32,991,747.52
2012	23,108,372.52	4,925,000.00	6,130,350.00	11,055,350.00	34,163,722.52
2013	23,761,597.52	5,730,000.00	5,884,100.00	11,614,100.00	35,375,697.52
2014	24,453,182.52	6,580,000.00	5,597,600.00	12,177,600.00	36,630,782.52
2015	25,271,600.02	7,385,000.00	5,268,600.00	12,653,600.00	37,925,200.02
2016	26,091,442.52	4,815,000.00	4,899,350.00	9,714,350.00	35,805,792.52
2017	26,917,861.26	5,060,000.00	4,658,600.00	9,718,600.00	36,636,461.26
2018	27,733,736.26	5,310,000.00	4,405,600.00	9,715,600.00	37,449,336.26
2019	28,634,336.26	5,575,000.00	4,193,200.00	9,768,200.00	38,402,536.26
2020	29,399,648.76	5,855,000.00	3,970,200.00	9,825,200.00	39,224,848.76
2021	30,398,555.02	6,150,000.00	3,736,000.00	9,886,000.00	40,284,555.02
2022	31,345,942.50	6,455,000.00	3,428,500.00	9,883,500.00	41,229,442.50
2023	31,545,367.50	6,780,000.00	3,105,750.00	9,885,750.00	41,431,117.50
2024	32,066,942.50	7,115,000.00	2,766,750.00	9,881,750.00	41,948,692.50
2025	30,473,180.00	7,475,000.00	2,411,000.00	9,886,000.00	40,359,180.00
2026	22,548,750.00	7,845,000.00	2,037,250.00	9,882,250.00	32,431,000.00
2027		8,240,000.00	1,645,000.00	9,885,000.00	9,885,000.00
2028		8,650,000.00	1,233,000.00	9,883,000.00	9,883,000.00
2029		9,125,000.00	843,750.00	9,968,750.00	9,968,750.00
2030		9,625,000.00	433,125.00	10,058,125.00	10,058,125.00
<b>Total</b>	<b>\$564,106,712.80</b>	<b>\$141,000,000.00</b>	<b>\$105,469,195.28</b>	<b>\$246,469,195.28</b>	<b>\$810,575,908.08</b>

### 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, 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. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District and interest thereon when due.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA Insurance Corporation. See "BOND INSURANCE" herein.

### Assessed Valuation of Property Within the District

Taxable property located in the District has a 2004-05 assessed value of approximately \$28.8 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and other property (real or personal) for which a lien on real property is 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". Shown in the following table is a ten year history of the assessed valuation of property in the District.

#### Oakland Unified School District Summary of Assessed Valuation

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
1994-05	\$14,430,328,167	\$57,362,522	\$1,297,817,110	\$15,785,507,799
1995-96	14,761,836,555	55,165,426	1,371,824,760	16,188,826,741
1996-97	14,912,475,663	64,955,112	1,354,643,699	16,332,074,474
1997-98	15,210,859,928	80,139,469	1,513,018,483	16,804,017,880
1998-99	15,871,362,169	78,976,204	1,543,806,837	17,494,145,210
1999-00	16,928,693,386	64,608,457	1,580,110,588	18,573,412,431
2000-01	18,387,089,052	62,397,618	1,565,891,828	20,015,378,498
2001-02	20,456,915,132	53,823,800	1,662,754,743	22,173,493,675
2002-03	22,389,684,317	49,548,055	1,686,149,546	24,125,381,918
2003-04	24,504,739,213	66,993,229	1,826,878,831	26,398,611,273
2004-05	26,718,830,029	79,048,063	1,975,377,642	28,773,255,734

Source: California Municipal Statistics, Inc.

The District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity is approximately \$719 million and its net bonding capacity is approximately \$413 million (taking into account current outstanding debt before issuance of the Bonds).

*Taxation of State-Assessed Utility Property.* A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed collectively as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Ongoing changes in the structure of California's electric utility industry and in the way in which components of the industry are owned and regulated, including the sale of electric generation assets to largely unregulated, nonutility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether future legislation, regulations or litigation may affect ownership of utility assets or the State's methods of assessing utility property and allocating tax revenues to local taxing agencies, including the District.

*Largest Taxpayers in District.* The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2004-05 tax roll, and the assessed valuations thereof, are shown below.

**Oakland Unified School District  
Major Taxpayers 2004-05**

Property Owner	Primary Land Use	2004-05 Assessed Value	Percent of Total <sup>(1)</sup>
1. OCC Venture LLC	Office Building	\$197,942,820	0.74%
2. Prentiss Properties Acquisition Partners/ Prentiss Properties Lake Merritt LLC	Office Building	131,109,990	0.49
3. Kaiser Foundation Health Plan	Office Building	124,064,347	0.46
4. Kaiser Center	Office Building	114,481,609	0.43
5. 1800 Harrison Foundation	Office Building	110,439,090	0.41
6. KSL Claremont Resort Inc.	Hotel	105,650,056	0.40
7. LMP I LLC	Office Building	101,636,154	0.38
8. 555 Twelfth Street Venture LLC	Office Building	101,276,440	0.38
9. Clorox Company	Office Building	90,520,920	0.34
10. Webster Street Partners Ltd.	Office Building	75,329,865	0.28
11. Zhone Technologies Campus LLC	Office Building	63,552,319	0.24
12. SSR Western Multifamily LLC	Apartments	62,154,005	0.23
13. Owens Brockway Glass Container	Industrial	61,160,714	0.23
14. Legacy Landing LLC	Apartments	54,639,525	0.20
15. Essex CAL WA LP	Apartments	51,869,353	0.19
16. Catellus Development Corp.	Industrial	48,562,319	0.18
17. Simrock 2 180 Grand LLC	Office Building	46,367,125	0.17
18. Skyline Hills Apartments LLC	Apartments	34,697,897	0.13
19. Durant Square Owners Association	Commercial	34,052,617	0.13
20. 1333 Broadway Associates LLC	Office Building	33,864,759	0.13
		<u>\$1,643,371,924</u>	<u>6.15%</u>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> 2004-05 Local Secured Assessed Valuation: \$26,718,830,029.

*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.

**Oakland Unified School District  
Assessed Valuation and Parcels by Land Use**

<u>Land Use</u>	<u>2004-05 Assessed Valuation<sup>(1)</sup></u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
<b>Non-Residential:</b>				
Commercial	\$5,228,023,958	19.57%	5,669	5.32%
Industrial	2,687,282,209	10.06	2,197	2.06
Government/Social/Institutional	143,106,185	0.54	3,754	3.53
Vacant Commercial	66,742,797	0.25	554	0.52
Vacant Industrial	64,097,546	0.24	572	0.54
Recreational	46,893,308	0.18	184	0.17
Subtotal Non-Residential	\$8,236,146,003	30.83%	12,930	12.14%
<b>Residential:</b>				
Single Family Residence	\$13,002,456,492	48.66%	65,197	61.23%
5+ Residential Units/Apartments	1,927,859,036	7.22	3,100	2.91
Condominium/Townhouse	1,222,736,350	4.58	6,995	6.57
2 Residential Units	1,117,374,055	4.18	9,100	8.55
4 Residential Units	591,889,350	2.22	2,964	2.78
3 Residential Units	370,949,242	1.39	2,145	2.01
Vacant Residential	205,911,354	0.77	3,724	3.50
Mobile Home	18,777,968	0.07	162	0.15
Residential-Miscellaneous Uses	14,186,579	0.05	129	0.12
Subtotal Residential	\$18,472,140,426	69.14%	93,516	87.83%
Unknown Use	\$10,543,600	0.04%	27	0.03%
<b>Total</b>	<b>\$26,718,830,029</b>	<b>100.00%</b>	<b>106,473</b>	<b>100.00%</b>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Local Secured Assessed Valuation; excluding tax-exempt property.

**Tax Rates, Levies, Collections and Delinquencies**

The annual property tax rate is limited to 1% of the full cash value, plus the amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year. 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. 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.

As required by State law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, city and other special district taxes.



**Oakland Unified School District**  
**Typical Tax Rates, Tax Rate Area TRA 17-001**

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Oakland Unified School District Bonds	.0819	.0786	.0801	.0752	.0666
Oakland Unified School District State School	.0027	.0019	.0017	.0012	.0001
Building Loans					
Peralta Community College District Bonds	.0077	.0154	.0176	.0159	.0208
East Bay Municipal Utility District Bonds	.0085	.0084	.0084	.0079	.0076
East Bay Regional Park District Bonds	.0065	.0072	.0065	.0057	.0057
City of Oakland	<u>.1966</u>	<u>.2128</u>	<u>.1897</u>	<u>.2326</u>	<u>.2049</u>
Total	1.3039	1.3243	1.3040	1.3385	1.3057

Source: California Municipal Statistics, Inc.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers. When necessitated by changes in assessed value in the course of a year, a supplemental assessment is prepared, and taxes are pro-rated for the portion of the tax year remaining after the change.

Property taxes on the secured roll are due in two equal installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent attaches immediately to all delinquent payments. If the taxes have not been paid by June 30, the tax is deemed to be in default. Secured roll property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If the taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at a public auction by the County Treasurer.

Property taxes on the unsecured roll are due as of the lien date of January 1 and become delinquent if unpaid on August 31. A ten percent penalty attaches to delinquent taxes on property 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 may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The County Treasurer may also bring a civil suit against the taxpayer for payment.

**Oakland Unified School District**  
**Tax Collections and Delinquencies**

	<u>Secured Tax Charge <sup>(1)</sup></u>	<u>Amount Del.</u> <u>June 30</u>	<u>Percent Del.</u> <u>June 30</u>
1999-00	\$11,014,001.91	\$ 550,671.21	5.00%
2000-01	23,099,291.60	920,414.53	3.98
2001-02	24,224,870.96	1,062,905.16	4.39
2002-03	31,047,499.94	1,438,845.05	4.63
2003-04	30,343,463.42	1,234,163.56	4.07

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Bond debt service levy.

*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 school districts, receives the amount of uncollected taxes credited to its fund, in the same manner as if the 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 of Alameda 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, 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 three percent of the total of all taxes and assessments levied on the secured roll of that agency.

*Direct and Overlapping Debt.* Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. 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 June 1, 2005, and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

**Oakland Unified School District  
Direct and Overlapping Bonded Debt**

2004-05 Assessed Valuation: \$28,773,255,734  
 Redevelopment Incremental Valuation: 5,248,484,289  
 Adjusted Assessed Valuation: \$23,524,771,445

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/1/05</u>
East Bay Municipal Utility District	19.920%	\$ 607,560
East Bay Municipal Utility District, Special District No. 1	50.625	19,477,969
East Bay Regional Park District	10.372	15,085,037
Peralta Community College District	55.083	80,492,788
<b>Oakland Unified School District General Obligation Bonds</b>	<b>100.000</b>	<b>310,968,979</b> <sup>(1)</sup>
City of Alameda	0.006	627
City of Oakland	96.435	219,389,625
City of Oakland 1915 Act Bonds	100.000	7,330,000
City of Emeryville 1915 Act Bonds	3.914	<u>469,289</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$653,821,874</b>
Less: East Bay Municipal Utility District		<u>607,560</u>
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$653,214,314</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Alameda County General Fund Obligations	17.634%	\$ 112,547,947
Alameda County Pension Obligations	17.634	54,112,254
Alameda County Board of Education Certificates of Participation	17.634	359,734
Alameda-Contra Costa Transit District Certificates of Participation	21.027	4,359,948
<b>Oakland Unified School District Certificates of Participation</b>	<b>100.000</b>	<b>27,035,000</b>
City of Alameda Certificates of Participation	0.006	1,031
City of Emeryville General Fund Obligations	0.097	6,004
City of Oakland General Fund Obligations	96.435	549,238,816
City of Oakland Pension Obligations	96.435	<u>353,429,301</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$1,101,090,035</b>

GROSS COMBINED TOTAL DEBT \$1,754,911,909 <sup>(2)</sup>  
 NET COMBINED TOTAL DEBT \$1,754,304,349

(1) Excludes the Bonds; does not reflect August 1, 2005 principal and interest payments.

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

Ratios to 2004-05 Assessed Valuation:

**Direct Debt (\$310,968,979)** ..... 1.08%  
 Total Gross Direct and Overlapping Tax and Assessment Debt .. 2.27%  
 Total Net Direct and Overlapping Tax and Assessment Debt..... 2.27%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$338,003,979)**..... 1.44%  
 Gross Combined Total Debt..... 7.46%  
 Net Combined Total Debt..... 7.46%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$187,282

Source: California Municipal Statistics, Inc.

## BOND INSURANCE

### The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix G for a specimen of MBIA's policy (the "Policy").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "BOND INSURANCE". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

### MBIA Insurance Corporation

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

### **Regulation**

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

### **Financial Strength Ratings of MBIA**

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch Ratings rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

### **MBIA Financial Information**

As of December 31, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2005 MBIA had admitted assets of \$10.7 billion (unaudited), total liabilities of \$7.0 billion (unaudited), and total capital and surplus of \$3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of June 30, 2005 and for the six month periods ended June 30, 2005 and June 30, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2004; and

- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005) are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

### **SPECIAL INVESTOR CONSIDERATIONS**

*The District experienced increasing financial strain over a period of several years, culminating in 2003 with the State takeover of the District's affairs and the appointment of a State Administrator to assume the powers of the District's board and superintendent, pursuant to Senate Bill 39 ("S.B. 39"). Certain actions and inactions of the District prior to the State takeover, described in this section, might be of particular interest to investors in the Bonds. This section also discusses rating downgrade actions taken by Moody's and S&P, audit status of the District's financial statements, and the operation of federal and State laws relating to a possible bankruptcy of the District. More complete information about the District's financial history and steps taken to fiscal recovery are described in Appendix A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – School District Governance; State Administration", "– Recent Financial History of the District" and "– District Debt Structure".*

#### **2001-02 TRANs Setaside**

On October 25, 2001, the County issued \$40,000,000 aggregate principal amount of 2001-02 Tax and Revenue Anticipation Notes on behalf of the District, scheduled to mature on October 24, 2002. The District had previously issued and retired such notes routinely each year. The 2001-02 Notes required funds to be set aside in the County treasury at various times during Fiscal Year 2001-02 to provide for their repayment. These setasides were not made. Though responsibility for doing so arguably fell to the County Treasurer rather than the District, the District did not maintain sufficient financial controls to independently identify that the setasides had not been made.

#### **Borrowing from Building Fund**

On September 26, 2002, the District temporarily transferred \$40,000,000 from the Building Fund to the General Fund to allow the District to repay the 2001 02 Notes coming due on October 24, 2002. The Building Fund holds proceeds of bonds, authorized to be spent only on authorized acquisition and construction of real property. Such a temporary inter-fund borrowing, including of legally restricted funds, is specifically authorized by statute, provided the originating fund is repaid before the end of the fiscal year. The District repaid the Building Fund in June 2003, with moneys drawn from the emergency apportionment loan made by the State to the District, authorized in the amount of \$100 million.

## **2002-03 TRANs Sale and Cancellation**

On October 2, 2002, the County Treasurer received bids for and awarded the sale of \$50,000,000 aggregate principal amount of the District's 2002-03 Tax and Revenue Anticipation Notes to Goldman Sachs & Company. The resolution providing for the issuance and security of the 2002-03 Notes contained an identical covenant to that made to holders of the 2001-02 Notes, that the County Treasurer would set aside and deposit in trust on specified dates the specified amounts necessary as security for the payment of all principal of and interest due on the Notes. The preliminary Official Statement relating to the 2002-03 Notes described the covenant. The District's preliminary Official Statement did not discuss the failure to make the required set-asides for repayment of the 2001-02 Notes or the contemplated temporary inter-fund transfer from the Building Fund to the General Fund to pay the amounts due on the 2001-02 Notes.

The 2002-03 Notes were to have been delivered on October 16, 2002. On October 11, the Alameda County Superintendent of Schools informed the District of her determination that the District would not be able to meet its financial obligations for the current or succeeding two fiscal years, and her disapproval of the District's 2002-03 adopted budget. (For a discussion of the budget approval and certification process, see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - FINANCIAL AND DEMOGRAPHIC INFORMATION - District Budget Process and County Review", herein.) Without an approved District budget for Fiscal Year 2002-03, Standard & Poor's removed its rating with respect to the 2002-03 Notes. The District and Goldman Sachs & Company mutually determined to cancel the sale of the 2002-03 Notes, and they were not issued.

The District has not issued tax and revenue anticipation notes since. In 2002-03, the District borrowed \$50 million from the County Treasurer in advance of receipt of taxes, which was repaid in the normal course upon receipt of tax revenues. In subsequent years, the District has effectively funded its cash flow shortfalls by borrowing from the County Treasurer, who is generally required by statute to cover negative balances in the District's General Fund on a daily basis through temporary transfers from available balances in the County's pooled investment fund, and to repay such temporary transfers whenever additional funds are received on the District's behalf.

### **Rating Downgrades**

On January 23, 2003, in response to unmet cash flow needs of the District, and uncertainty about whether or not the Legislature would approve an emergency apportionment loan in sufficient time and amount, Moody's Investors Service lowered its underlying rating on the District's bonds to "Baa2" from "A3", and assigned a negative outlook. On April 30, 2004, Moody's changed the negative outlook to "stable", based primarily on the District's "improved liquidity."

On February 19, 2003, in response to similar factors, Standard & Poor's downgraded the District's underlying rating on its bonds to "BBB" from "A".

See "MISCELLANEOUS - Ratings" herein, for a discussion of each rating agency's current ratings on the Bonds and on outstanding bonds of the District.

### **Incomplete Audit Reports**

In December 2002, the District's unaudited financial statements for the Fiscal Year 2001-02 showed a General Fund deficit of \$31 million, which was projected to reach \$52 million by fiscal year end. Before the audit could be completed, FCMAT declared a fiscal emergency in the District, and the Board of Education requested the emergency loan from the State, resulting in the adoption of S.B. 39 and the State takeover of the District's financial affairs. Although the audit of the financial statements for Fiscal Year 2001-02 was completed by KPMG, the District never formally approved the audit report, and therefore does not have audited financial statements for that fiscal year.

The financial information presented in APPENDIX B relating to Fiscal Year 2003-04 represents the unaudited financial reports of the District for that year. The California State Controller's Office (the "Controller"),

acting as the District's independent auditor, as required by S.B. 39, is currently performing an audit of the District's Fiscal Year 2003-04 financial statements. The audit is currently scheduled to be completed during the third quarter of 2005. The District has received a draft report from the Controller and is in the process of reviewing and commenting on the findings. The District can make no prediction as to whether the State Administrator will accept this audit on behalf of the District.

The District's books for Fiscal Year 2004-05 are required to be closed by September 15, 2005. The District cannot predict whether it will be able to complete this process by the deadline, or whether the Controller will be able to complete an audit of the District's 2004-05 financial statements by the statutory deadline of December 15, 2005.

### **Effects of Possible District Bankruptcy**

The State Administrator is empowered under the Education Code to, among other things, implement substantial changes in the fiscal policies and practices of the District, including, if necessary, causing the District to file a voluntary bankruptcy petition under Chapter 9 of the United States Bankruptcy Code. Creditors of the District cannot file an involuntary bankruptcy petition against the District.

In the event that the District, or the State Administrator on behalf of the District, were to file for bankruptcy, Bond holders could experience delays or reductions in payments, loss of rights, or other adverse effects.

Unless approval of the bankruptcy court were obtained, the automatic stay provisions of the Bankruptcy Code could prevent the County Treasurer and the Paying Agent from making payments to the holders of the Bonds from funds in their possession (including from the interest and sinking fund of the District) while the District is in bankruptcy. Bond holders may also be prevented from taking any actions to collect amounts owing by the District under the Bonds, or from bringing any action to enforce obligations of the District under the Bonds and the District Resolution. Payments made to the holders of the Bonds during the 90 days immediately preceding the filing of a bankruptcy petition may possibly be avoided as preferential payments, so that Bond holders would be required to return such payments to the District. The District could take actions that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, so that any payments that have been made in the past or are made in the future could be treated as taxable by the IRS.

The District may be able to stop performing any of its covenants under the Bonds or the District Resolution. The District may alter terms of the Bonds or the District Resolution without the consent and over the objection of the County Treasurer and the holders of the Bonds, including the priority, interest rates, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions, as long as the bankruptcy court determines that the alterations are fair and equitable.

Regardless of any specific adverse determinations in a bankruptcy of the District, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

There may be other adverse effects on Bond holders of a District bankruptcy. The opinion of Bond Counsel is qualified with respect to bankruptcy risks. See APPENDIX C hereto.

State law provides that for so long as any of the Emergency Apportionment Refunding Bonds proposed to be issued by the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") on behalf of the District are outstanding, the District cannot file for bankruptcy. The Infrastructure Bank bonds, which as of the date of this printing have yet to be issued, are authorized to be outstanding for a term of 20 years. The District can make no prediction as to whether the Infrastructure Bank bonds will in fact be issued, or if they are issued, whether the Infrastructure Bank bonds will remain outstanding to their scheduled maturity. Thus, it is not clear whether in fact the District (and the State Administrator on its behalf) will be prohibited from filing for bankruptcy or how long such a prohibition would last. In addition, federal law determines whether or not the District can file for bankruptcy, and while the District believes that a federal bankruptcy court will enforce the State law prohibition on filing for bankruptcy, the District can give no assurance that the prohibition will be enforced. Furthermore, if the State were to repeal the relevant law, then the District would be able to file for bankruptcy. While the State has pledged for the benefit of the holders of the Infrastructure Bank bonds that it will not amend or repeal this



prohibition on a District bankruptcy in any manner that would materially impair the security or other interests of holders of any of the Infrastructure Bank bonds, the District can make no representation or prediction as to the enforceability of this pledge, or whether if the pledge were breached, holders of the Infrastructure Bank bonds would seek to enforce it. The pledge is not made for the benefit of holders of the Bonds.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("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 contained in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds of any given maturity date 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.

Certain requirements and procedures contained or referred to in the Resolution, the Tax Certificate of the District dated the date of issuance of the Bonds, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and

subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

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 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.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses 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 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 opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **Legality for Investment in the State of California**

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code of the State, are eligible securities for the 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 certain 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 2004-05 Fiscal Year (which is due no later than April 1, 2006) and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the District with each Nationally Recognized Municipal Securities Information Repository, and with the State information repository, if any. The notices of material events will be filed by the District with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") or with the Municipal Securities Rulemaking Board ("MSRB"), and with the State information repository, if any. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D: "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The District has made similar covenants in connection with prior issues of municipal securities of the District. Pursuant to its existing continuing disclosure obligations, the District has filed two notices of significant events, the first on October 22, 2002, and the second on February 28, 2003. The first filing reported the rejection by the County of Alameda Office of Education of the District's certified Fiscal Year 2002-03 budget. The second filing reported rating downgrades made by Moody's on January 23, 2003 and by S&P on February 19, 2003.

Although the District has filed all required Annual Reports timely, the District has not included its audited financial statements for Fiscal Years 2001-02 and 2003-04 in the Annual Reports for those fiscal years because those audit reports have not been finalized or accepted by the District. The District has filed all required notices pursuant to the Rule in connection with such delayed audited financial statements and has filed unaudited financial statements for Fiscal Years 2001-02 and 2003-04. Copies of all notices and Annual Reports filed by the District pursuant to the Rule and the covenants of the District may be obtained from the District, from each NRMSIR or from the MSRB.

## **No Litigation**

No litigation is pending or threatened concerning 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 District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. See, however, APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET - Other Audit Findings" herein.

## MISCELLANEOUS

### **Ratings**

The Bonds have received the ratings of "Aaa" by Moody's Investors Service (Moody's) and "AAA" by Standard & Poor's Rating Service (S&P) based upon the issuance of a municipal bond insurance policy by MBIA Insurance Corporation concurrently with the issuance of the Bonds. The Bonds have received the underlying ratings of "Baa2" from Moody's and "BBB" from S&P. Each rating agency generally bases its ratings on its own investigations, studies and assumptions. The District has provided certain additional information and materials to each rating agency (some of which does not appear in this Official Statement). The ratings reflects only the views of each rating agency, and any explanation of the significance of such ratings may be obtained only from Moody's at One Front Street, Suite 1900, San Francisco, CA 94111 and from S&P at One Market Plaza, Steuart Tower, 15th Floor, San Francisco, CA 94105-1000. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the respective rating agency, 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. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

### **Professionals Involved in the Offering**

Kelling, Northcross & Nobriga, a division of Zions First National Bank, is acting as Financial Advisor to the District in connection with the issuance of the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Orrick, Herrington & Sutcliffe LLP, San Francisco, California is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California is acting as Paying Agent with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

### **Underwriting**

The Bonds are being purchased by Citigroup Global Markets Inc. (the "Underwriter") pursuant to the terms of an Official Notice of Sale, dated August 16, 2005, and a Certificate of Award, dated August 23, 2005, at a price of \$146,562,496.45. The Underwriter has certified the reoffering prices or yields set forth on the cover hereof. Based on these prices, Underwriter's compensation ("spread") is \$921,830.00. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

**Additional Information**

Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of 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.

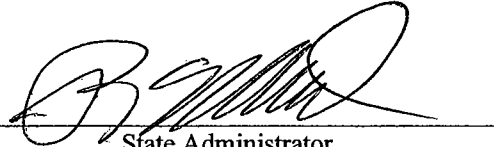
Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the CFO/Associate Superintendent, 1025 Second Avenue, Oakland, CA 94606.

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

**OAKLAND UNIFIED SCHOOL DISTRICT**

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



State Administrator

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## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the 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 Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

### FINANCIAL AND DEMOGRAPHIC INFORMATION

#### General

The District is located in and is approximately coterminous with the City of Oakland, California (the "City"), population 400,000, located on the east side of San Francisco Bay, approximately 10 miles from San Francisco. The District's boundaries also include small portions of the neighboring cities of Emeryville and Alameda. The District encompasses approximately 53.2 square miles, including a diverse economy of industry, services, health care, retail, and other commercial activity. The District was unified in 1952, combining existing high school and elementary school districts.

The District currently operates 62 elementary schools, 17 middle schools, one alternative middle school, three alternative schools serving grades 6-12, 14 comprehensive senior high schools, seven alternative high school programs, and two special education schools. Twenty-six charter schools also operate within the District. Including the students in the charters, approximately 49,300 students are served in grades Kindergarten through 12. As of the commencement of the 2005-06 school year, the District employed approximately 5,100 employees including certificated (credentialed teaching) staff, classified (non-teaching) staff, and management personnel. The District has adopted a Fiscal Year 2005-06 general fund budget reflecting expenditures of approximately \$396 million. Total assessed valuation of taxable property in the District in Fiscal Year 2004-05 is approximately \$28.8 billion. The District operates under the jurisdiction of the Alameda County Superintendent of Schools.

#### School District Governance; State Administration

School districts are generally governed by a locally elected governing board, which appoints a superintendent to act as the chief executive and administrative officer. In March 2003, the Board of Education of the District determined that it could not meet its financial obligations, and requested an emergency loan from the State pursuant to provisions of the Education Code. The State Legislature adopted special urgency legislation ("S.B. 39"), approved by the Governor on May 30, 2003, approving the loan and requiring the State Superintendent of Public Instruction to assume all of the rights, duties and powers of the governing board of the District, and to appoint an administrator to act on behalf of the State Superintendent in exercising his powers over management of the District.

On June 16, 2003, the State Superintendent appointed Randolph E. Ward, Ed.D. to act as administrator of the District (the "State Administrator"). Dr. Ward has been an educator for over 25 years. He served as the last State-appointed administrator and then State-appointed trustee for the Compton Unified School District prior to its return to local administration. The District's seven-member locally elected Board of Education continues to serve only in an advisory capacity to the State Administrator, who acts with the authority of the Board of Education until certain state-mandated requirements have been satisfied. The prior Superintendent of the District resigned upon the appointment of the State Administrator, and has not been replaced.

The State Administrator is empowered to implement substantial changes in the fiscal policies and practices of the District, including, if necessary, seeking adjustment of indebtedness of the District under federal bankruptcy

law. The State Administrator is authorized to enter into agreements on behalf of the District and change any existing rules, regulations, policies or practices as necessary for the effective implementation of the District improvement plan called for by S.B. 39. The State Administrator was also authorized to terminate the employment of any senior management personnel unable to document that they had advised the Board of Education to take steps, or that they otherwise took appropriate action, to avert fiscal insolvency. These and other conditions of State administration of the District are described in the following section.

### **Recent Financial History of the District**

The District experienced a worsening financial situation over several years leading up to the approval of an emergency apportionment by the State, the appointment of the State Administrator and the resignation of the Superintendent in June 2003. MGT of America, a national management consulting firm engaged by the Alameda County Superintendent of Schools to audit the District's financial situation, described in its Final Report, dated November 9, 2004:

“In an effort to improve the districts' educational performance and pupil achievement among its large and ethnically diverse urban student population, district leaders approved a 24 percent salary raise for teachers in 1999 to be phased in over the next three fiscal years. Considering that the district's total salaries for certificated and classified staff are more than 50% of total revenues, this represented a substantial budget expenditure increase. However this increased fiscal obligation came at the same time as student enrollment in the district was falling, resulting in lower revenues to the district and a decreasing fund balance in its General Fund. Compounding the situation was the considerable turnover of high-level administrators at the district.”

In December 2002, the District's unaudited financial statements for the Fiscal Year 2001-02 showed a General Fund deficit of \$31 million, which was projected to reach \$52 million by fiscal year end. At that time, the County Superintendent had appointed the Fiscal Crisis and Management Assistance Team (“FCMAT”) as the financial advisor to the District. Upon review of the District's financial condition, FCMAT declared a fiscal emergency in the District. In response to this declaration, the District requested an emergency loan from the State, resulting in the adoption of S.B. 39. S.B. 39 approved up to \$100 million in an emergency apportionment loan to the District to cover existing fiscal responsibilities, and set forth conditions for repayment of the loan. The District's emergency apportionment loan is the largest ever made by the State to a school district. The District immediately drew down \$65 million of the amount, of which \$40 million was used to repay the amount that had been borrowed from the Building Fund for the benefit of the General Fund. The remaining amount was used to cover June 2003 payroll and provide working capital to the General Fund. The district has begun repayment of the \$65 million.

As a condition of acceptance of the emergency apportionment loan, S.B. 39 directed the State Superintendent of Public Instruction to assume the legal powers of the locally elected Board of Education and its appointed superintendent, and to appoint a State Administrator to oversee the District's affairs and develop a multi-year fiscal recovery plan. Randolph Ward was appointed State Administrator on June 16, 2003. S.B. 39 also directs the State Controller to conduct the annual financial audits of the District until such time as the State Superintendent determines that the District is financially solvent.

S.B. 39 appoints the State Administrator for a minimum term of two years, and sets forth specific requirements, but does not set forth a specific timeline, for return of governing authority to the Board of Education. Among other things, FCMAT must complete an improvement plan and determine every six months whether the District has made substantial and sustained progress in implementation of the plan in defined major functional areas.

FCMAT's improvement plan defines the major functional areas as follows:

1. Community Relations and Governance,
2. Pupil Achievement,
3. Financial Management,
4. Personnel Management, and



## 5. Facilities Management.

FCMAT's improvement plan provides that when improvement is shown in a functional area, measured in accordance with the plan, FCMAT will recommend to the State Superintendent that this particular condition has been met and thus control of that functional area could be returned to the Board of Education. If all of the conditions are met, full control is returned to the Board of Education; however, the State Superintendent can reassume control if any provision of the plan is violated after the Board of Education regains control. To date, control of all five functional areas remains with the State Administrator.

### **Multiyear Fiscal Recovery Plan**

Pursuant to S.B. 39, the District is required to adopt and implement the recommendations of a plan for the financial recovery of the District and the return of local control of the five functional areas. On July 27, 2005, the District adopted its Multi-year Fiscal Recovery Plan (the "Recovery Plan") for attaining fiscal solvency, improving student achievement, and for restoring governance authority to the Board of Education. The Recovery Plan sets forth a three stage plan, stabilization, recovery and renewal, and describes 26 specific recommendations. The Fiscal Years 2003-04 and 2004-05 served as the stabilization period under the plan, during which a variety of costs were eliminated from the General Fund, expenses were reduced, a new budgeting model was introduced ("results based budgeting"), and the finance, payroll and human resource systems were integrated on a software platform to improve internal controls and the sharing of information among various service areas of the District's administration. In addition, the District has begun a process of restructuring the central administrative office, redefining the job descriptions and the organizational structure of the following service areas to be consistent with the newly introduced budgeting model and other systemic reforms: Financial Services; Human Resources; Research, Accountability and Assessment; and the District's executive positions. In order to improve controls and ensure quality in the execution of job functions, a new performance management system has been implemented in each of the restructured service areas that utilizes metrics and scorecards based upon industry best practices.

The District incorporated all 26 recommendations of the Recovery Plan into its Fiscal Year 2005-06 budget, initiating the second (recovery) stage of the plan. To improve accuracy in the budgeting process, the Fiscal Year 2005-06 budget was created from a complete rebuilding of the budget process under the new results based budgeting system. Results based budgeting is designed to create incentives at the school level associated with positive student achievement, such as increased attendance rates. For Fiscal Year 2003-04, attendance rates increased less than one percent over the prior year. However, in Fiscal Year 2004-05, the District's attendance rate was 92%, representing an increase of over 2% from the prior year. The District has also implemented a new student information system ("SIS") designed to improve attendance reporting and enable site level accountability consistent with the results based budgeting model.

The District can make no prediction as to what actions, if any, the State Administrator, the State Superintendent of Public Instruction, the State Board of Education or the Legislature might take if the District fails to achieve fiscal solvency through the Recovery Plan.

For additional information regarding the Recovery Plan, or to obtain a complete copy of the Recovery Plan, see the District's web site at: <http://webportal.ousd.k12.ca.us>. The Recovery Plan and information contained on the District's website is not incorporated herein by this reference.

### **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, and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. The District receives approximately 65% of its revenues from State funds, budgeted at \$254,203,701 in Fiscal Year 2005-06. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

According to the State Constitution, the Governor of the State is required to propose a budget to the California Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. On May 29, 2002, the State Court of Appeal held in *White v. Davis* (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, or (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 court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: [www.sco.ca.gov](http://www.sco.ca.gov). Should the Legislature fail to pass the 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* 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* decision to have any long-term effect on its operating budgets.

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. A brief description of the adopted State budget for 2005-06 is included below; however, the District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to any such annual fluctuations. 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](http://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](http://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](http://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.

*Aggregate State Education Funding.* 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 for kindergarten through grade 14 (K-14).

The guaranteed funding amount for K-14 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, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow. On average, about 40 percent of State general fund tax proceeds are currently spent on the State's share of Proposition 98 funding.

The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State general fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

If the guaranteed amount is calculated at year-end to be higher than the amount actually appropriated, the difference becomes an additional K-14 education funding obligation, referred to as "settle up." Existing settle-up obligations total approximately \$1 billion. Under current law, these will be repaid to the education budget at \$150 million per year beginning in 2006-07.

If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base. The State has avoided increases in the base through various mechanisms: On several occasions, the State treated excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels, rather than increases in the base. In March 2003, the Legislature permanently deferred year-end apportionments of Proposition 98 funds from June 30 to July 2, to reduce the ending fiscal year's base and thus future years' guaranteed amounts.

The Secretary of State has qualified an initiative constitutional amendment, known as "The California Live Within Our Means Act", to be considered as Proposition 76 at the November 8, 2005 special statewide election called by the Governor. Proposition 76 will accomplish as a permanent constitutional fixture many of the one-time responses to funding the Proposition 98 requirements that the Legislature and Governor have implemented over the years. If approved by a majority vote of the State's electorate, Proposition 76 would base growth in the guaranteed amount only on changes in enrollment and the cost of living, and eliminate maintenance factors in future years. In the future, any appropriations of education funding above the Proposition 98 guaranteed amount would not raise the base upon which subsequent calculations are made. The State would have until 2021 to pay any existing settle-up obligations for years prior to 2004-05, the unpaid 2005-06 maintenance factor, and any state-mandated costs still owing to districts. These amounts would not raise the Proposition 98 guaranteed amount.

*Recent State Budget Difficulties and Initiative Responses.* Since early 2001, structural imbalances in State revenues versus expenditures have created significant financial challenges. The three main traditional sources of State tax revenues, personal income taxes, sales and use taxes, and corporate taxes, suffered disproportionately in the most recent economic downturn, revealing inherent weakness in the State's reliance thereon. Meanwhile, large portions of the State's budget are relatively fixed, causing a perennial shortfall and an accumulated deficit in the tens of billions of dollars. Two measures intended to address the existing cumulative budget deficit and to implement structural reform were approved at the March 2, 2004 statewide primary election. The California Economic Recovery Bond Act (Proposition 57) authorized the issuance of up to \$15 billion of bonds to finance the State negative general fund reserve balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The Balanced Budget Amendment (Proposition 58) requires the State to adopt and maintain a balanced budget and establish a reserve, and restricts future long-term deficit-related borrowing. The State has issued \$10.896 billion of the authorized bonds.

Proposition 76, if approved at the November 8, 2005 special statewide election, would make certain additional changes to the State's budget procedures, according to the State's Legislative Analyst: If the Legislature fails to adopt a budget prior to the beginning of a new fiscal year, the prior-year's budgeted appropriations would remain in effect until a new budget is enacted. Following the enactment of a budget, the Governor could declare a fiscal emergency at the end of any quarter and call the Legislature into special session, upon determining either that general fund revenues have fallen by at least 1.5 percent below the State Department of Finance estimate or that the balance of the State's budget reserve will decline by more than one-half between the beginning and the end of that fiscal year. If the Legislature fails to act within 45 days to address the budget shortfall, the Governor could unilaterally reduce most expenditure items in the budget. Language in Proposition 76 suggests that the Governor could also make budget reductions in the event no budget is adopted, if the Legislature fails to act within 30 days of an emergency proclamation. Reductions could not be made in (1) expenditures required by federal laws and regulations, (2) appropriations required by contracts to which the State is a party, and (3) debt service on State bonds. However, any general fund spending related to contracts, collective bargaining agreements, or laws signed after the effective date of Proposition 76 would be subject to these reductions.

*2005-06 Governor's Budget.* The Governor signed the State 2005-06 Fiscal Year budget on July 11, 2005, although subsequent legislation may affect final budget totals. The following information relating to the funding of K-12 education is adapted from the budget summary prepared by the State Treasurer: The budget includes Proposition 98 funding for grades K-12 of approximately \$49.2 billion, or \$740,886 less than the Proposition 98 guaranteed amount. The budget provides approximately \$16.8 million in one-time funds to meet prior years' Proposition 98 settle-up obligations, which will be supplemented beginning in 2006-07 by annual payments of \$150 million per year until the estimated \$1.3 billion of such obligations is repaid. The budget provided both statutory and discretionary growth and cost-of-living adjustments to revenue limits (\$1.6 billion) and most categorical programs (\$295 million), and approximately \$194 million for special education. The budget provides approximately \$328 million in additional revenue limit funding to restore approximately half of the general purpose reduction school districts previously experienced. The budget provides an aggregate total of \$348.4 million to promote academic performance, consisting of \$228.7 million to assist low-performing schools, \$53 million to assist schools sanctioned by accountability programs, \$30 million for a school reform program, \$7.5 million in funding deferred from 2004-05 for underperforming schools, and \$29.2 million in federal Title I School Improvement Funds. In addition, in connection with the settlement of a class action lawsuit, *Williams v. State of California*, brought against the State on behalf of students in the most poorly funded schools, the 2005-06 budget provides \$183.5 million, primarily for facility improvements to the neediest schools. Future years' budgets will have to continue to address further settlement terms that call for over \$800 million in facilities improvements and additional programmatic support.

*Proposition 1A.* Beginning in 1992-93, the State has satisfied a portion of its Proposition 98 obligations by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. In response to a statewide ballot initiative sponsored by affected local agencies, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as "Proposition 1A" at the November 2004 election.

Proposition 1A is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Beginning in Fiscal Year 2008-09, the State will be able to divert up to eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (i) the Governor declares such action to be necessary due to a State fiscal emergency; (ii) two-thirds of both houses of the Legislature approve the action; (iii) the amount diverted is required by statute to be repaid within three years; (iv) the State does not owe any repayment for past property tax or Vehicle License Fee diversions to local agencies; and (v) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, school and college districts that receive Proposition 98 funding from the State will be more directly dependent upon the State's general fund.

*Allocation of State Funding to Districts.* Under Education Code Section 42238 and following, each school district is 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 ("A.D.A.").

The base revenue limit is 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 is 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 increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

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

The District's 2005-06 base revenue limit per A.D.A. is projected to be \$5,153, compared to \$4,957 for 2004-05. The District's recent A.D.A. history for kindergarten through grade 12 (K-12), including special education and excluding charter schools, is set forth in the table below:

**Oakland Unified School District  
Total K-12 Average Daily Attendance (P-2)**

Fiscal Year	Average Daily Attendance
1999-00	50,255
2000-01	49,349
2001-02	48,135
2002-03	46,290
2003-04	44,037
2004-05 (projected)	41,870
2005-06 (projected)	40,022

In its 2005-06 adopted budget, the District estimates that it will receive \$220,723,444 in aggregate revenue limit income, or approximately 56% of its general fund revenues. This amount represents a decrease of less than 1% from the \$221,482,579 that it received in Fiscal Year 2004-05. For discussion of the recent historical trend of declining A.D.A., see "Charter Schools" below. Other state revenues are budgeted to be \$83,773,322. The District also expects to receive a small portion of its budget (\$141 per A.D.A. or about 1.5% of the total general fund revenue) 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.

Although the District adopted its own 2005-06 budget after the adoption of the State budget, certain adjustments may have to be made throughout the year based on actual State funding and actual attendance. The District cannot make any predictions regarding whether the State will make additional cuts or enhancements to education funding during Fiscal Year 2005-06. In addition, the District's budgeted A.D.A. is an estimate used for planning purposes only, and does not represent a prediction as to the actual attendance or the District's actual funding level for 2005-06.

**Local Sources of Education Funding**

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives 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 are known colloquially as "basic aid districts". Districts that receive some equalization aid may be referred to as "revenue limit districts."

The District is not a "basic aid district". Local property tax revenues account for approximately 23% of the District's aggregate revenue limit income, and are budgeted to be \$50,293,065, or 13% of total general fund revenue in Fiscal Year 2005-06. The County is a "Teeter Plan" county, which means that the District is made whole for any delinquencies in payment of property taxes by local property owners. Property tax levy and collection procedures (including the Teeter Plan) are discussed under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - Tax Rates, Levies, Collection and Delinquencies" in the front portion of this Official Statement. 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" herein.

## **Parcel Tax**

On November 6, 2001, voters in the District approved a qualified special tax (parcel tax) of \$123 per parcel for five years. Tax proceeds were authorized to be used to reduce class sizes, improve teacher salaries, purchase textbooks and materials, improve math, science, fine arts programs and libraries, improve safety and provide resources for underachieving students in district programs, and provide job training. An exemption was provided for qualifying low income parcel owners. The parcel tax was set to expire on June 30, 2007.

On March 2, 2004, voters in the District approved an increase and extension of the parcel tax, to \$195 per parcel, beginning on July 1, 2004, and expiring on June 30, 2009. The measure authorizes the parcel tax to be used to attract and retain qualified credentialed teachers, to maintain elective courses for students needing to qualify for college admission, to purchase textbooks and materials, to maintain libraries, music and arts programs, to maintain reduced class sizes, and to continue after school academic programs. No moneys are authorized to be used for administrative costs. In 2004/05, the District received revenue of approximately \$19.4 million from the combined parcel tax.

## **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

For so long as the District is under the control of the State Administrator, the office of the Controller of the State of California serves as independent auditor to the District. Under state law, school districts are required by law to adopt their audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year. The District has not received or adopted audited financial statements for Fiscal Year 2003-04. The Controller is currently performing an audit of the District's financial statements for Fiscal Year Ended June 30, 2004. The unaudited financial statements for Fiscal Year 2003-04 are attached hereto as APPENDIX B. Upon completion of the audited financial statements for Fiscal Year 2003-04 by the Controller and the approval thereof by the District, such audited financial statements will be submitted to each Nationally Recognized Municipal Securities Information Repository pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "OTHER LEGAL MATTERS – Continuing Disclosure" in the front portion of this Official Statement.

The District is currently appealing findings made by the Controller with respect to the District's Fiscal Year 2002-03 audited financial statements. See "Other Audit Findings" below.

## **Fiscal Year 2002-03 Audit Findings**

On June 18, 2004, the Office of the Controller of the State of California completed an audit of the Fiscal Year 2002-03 financial reports of the District (the "Fiscal Year 2002-03 Audit"). The Fiscal Year 2002-03 Audit identified insufficiencies in accounting, record-keeping and supporting data that prohibited the Controller from rendering an opinion as to the accuracy of significant portions of the District's financial reports, including amounts reported for fixed assets, cash, accounts receivable, accounts payable, expenditures, revenues, restricted fund balances and deferred revenue. In addition, the Controller identified certain matters involving internal control over financial reporting and District operations that it considered reportable, resulting in 120 separate findings. Among the findings, the Controller disallowed and required repayment of approximately \$37 million in prior year state funds.

The District has agreed to comply with most of the findings of the Fiscal Year 2002-03 Audit, however it has also requested waiver of one finding, sought legal opinions regarding three findings, and filed an appeal with the Education Audit Appeals Panel contesting nineteen findings of the Fiscal Year 2002-03 Audit. As a result of the appeals, the District believes it has reached settlement with the Controller (but has no written confirmation) to resolve findings representing approximately \$16 million. The District has requested waiver with respect to findings

representing approximately \$2.3 million. The remaining findings representing approximately \$18.5 million remain under appeal. The District can not make a prediction as to the final outcome of the findings pending resolution.

While the Recovery Plan and the District's 2005-06 adopted budget take into account the District's declining enrollment and revenue pattern (see APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Budget Process and County Review" and "– Charter Schools" herein), they do not allow for the possible unfavorable outcome of appeals currently pending against certain findings made by the Controller in the Fiscal Year 2002-03 Audit. An adverse determination with respect to the District's appeals could in turn cause the District not to achieve fiscal solvency through the Recovery Plan.

### **Fiscal Year 2003-04 Audit of District Financial Statements**

The financial information presented in APPENDIX B relating to Fiscal Year 2003-04 represents the unaudited financial reports of the District, the most recent fiscal year for which audited or unaudited actual financial information is available. The California State Controller's Office (the "Controller") is performing an audit of the District's Fiscal Year 2003-04 financial reports, currently scheduled to be completed during the third quarter of 2005. The Controller may make findings in its final audit report regarding the District's Fiscal Year 2003-04 financial statements that significantly alter the District's stated financial position. See APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – Accounting Practices" herein. Such findings could in turn affect subsequent fiscal years' financial reports and budgets. See APPENDIX A: "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – FINANCIAL AND DEMOGRAPHIC INFORMATION – District Budget Process and County Review" herein.

The District has received a draft of the Controller's audit report for Fiscal Year 2003-04. The Controller has identified a number of findings, including questioned costs that the District may be required to repay. The District is in the process of reviewing the findings and preparing responses for inclusion in the final audit report. Because the District did not receive the Fiscal Year 2002-03 Audit until after the end of Fiscal Year 2003-04, several of the audit findings contained in the Fiscal Year 2002-03 Audit are also contained in the Fiscal Year 2003-04 draft audit report. The District can make no prediction as to what findings, if any, the Controller will include in its final audit report of the District's Fiscal Year 2003-04 financial statements.

### **Other Audit Findings**

*Operations Audit.* On April 19, 1999, the Board of Education voted to request a comprehensive audit of the District's activities by the Fiscal Crisis and Management Assistance Team ("FCMAT"). On July 7, 1999, the Governor approved Assembly Bill 1115 ("A.B. 1115") authorizing FCMAT to conduct an audit of the District's operations (the "FCMAT Audit") in five functional areas: Community Relations, Personnel Management, Pupil Achievement, Financial Management, and Facilities Management. The FCMAT Audit, completed in January 2000, scored the District across the five functional areas and made recommendations with respect to each for improvement. The District has subsequently taken steps to address the areas of improvement identified in the FCMAT Audit, including the adoption of the Recovery Plan. See "Multiyear Fiscal Recovery Plan" above.

*Bond Fund Audit.* An audit of the Schedules of Revenues and Expenditures of the District's general obligation bond funds for the years ended June 30, 2002 and June 30, 2001 (the "Bond Fund Audit") was completed on December 31, 2003 by Thompson, Cobb, Bazillo & Associates, PC (the "Bond Fund Auditors"). The Bond Fund Auditors found evidence of reportable conditions relating to internal controls over financial reporting and operation of the District's Building Fund. The Bond Fund Audit reported ten findings, including recommendations for addressing each finding. Finding 2002-7 stated that \$14,360,804 were applied to the payment of other District long-term debt for capital projects, and not for voter-authorized bond purposes. The District has reimbursed the Building Fund in response to Finding 2002-7. The District has also responded to each of the remaining findings of the Bond Fund Audit and taken appropriate corrective measures.

*Financial Practices Audit.* On November 9, 2004, MGT of America, Inc. completed an audit of the financial accounting practices and budgeting process of the District (the "A.B. 139 Audit") in response to the

request of the County Superintendent pursuant to the provisions of Assembly Bill 139, approved on October 8, 2001 ("A.B. 139") which authorizes a county superintendent to review or audit a school district if there is reason to believe that fraud, misappropriation of funds or other illegal fiscal practices may have occurred. In disapproving the District's Fiscal Year 2002-03 budget, the County Superintendent expressed concerns about the District's past accounting and budgeting practices that led to its financial condition.

The A.B. 139 Audit was subsequently initiated, and was framed as independent inquiries into nine different aspects of accounting, financial controls or budgeting. The A.B. 139 Audit determined that the District took several actions that had the effect of misrepresenting the true financial position of its General Fund. In addition, the A.B. 139 Audit determined that inadequate internal controls over many of its operations created an environment in which fraud or other inappropriate activities could have occurred or could subsequently occur without being detected. In response to the findings of the A.B. 139 Audit, the State Administrator has taken actions to correct the practices identified in the A.B. 139 Audit and to improve internal controls over processes such as budgeting, personnel and payroll, contracting, and procurement, as well as improve controls over cash receipts at school sites. For a description of corrective actions that have been taken to date, see "Multiyear Fiscal Recovery Plan" above.

*Further Information.* A copy of the A.B. 139 Audit is available electronically on the MGT of America, Inc. website at: [www.mgtamer.com](http://www.mgtamer.com). A copy of the FCMAT Audit is available electronically on the FCMAT website at: [www.fcmat.org](http://www.fcmat.org), by clicking "FCMAT Comprehensive Assessments, Recovery Plans, and Special Legislative Assignments". The information referred to is prepared by the respective organizations 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.

#### **District Budget Process and County Review**

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

Under current law, a school district governing board must adopt and file with the County Superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Alameda County Superintendent of Schools. The County Superintendent and the State Department of Education granted an extension to the District for the 2005-06 Budget adoption. The District adopted its budget for the Fiscal Year 2005-06 on July 27, 2005.

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

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's 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 ("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. The District certified its budget for Fiscal Year 2005-06 as negative.

The District has certified each annual budget and each interim financial report as negative since the County Office of Education rejected its Fiscal Year 2002-03 budget.

### **District Expenditures**

The following table summarizes the District's actual, unaudited actual, estimated actual and budgeted general fund revenues, expenditures and fund balances for Fiscal Years 2002-03 through 2005-06, respectively.

**Oakland Unified School District  
2002-03 through 2005-06 General Fund  
Revenues, Expenditures and Fund Balances**

	2002-03 Actual <sup>(1)</sup>	2003-04 Unaudited Actual <sup>(2)</sup>	2004-05 Estimated Actual <sup>(3)</sup>	2005-06 Budget <sup>(4)</sup>
<b>Revenue/Receipts</b>				
<b>Revenue Limit Sources:</b>				
State Aid	\$198,237,397	\$177,145,532	\$171,265,509	\$170,430,379
Property Taxes	43,794,268	48,914,945	50,217,070	50,293,065
Federal Revenue	47,073,293	53,779,556	77,418,957	55,754,760
Other State Revenue	110,816,253	101,411,516	96,669,796	83,773,322
Other Local Revenue	17,005,861	19,133,804	27,829,536	30,930,294
<b>TOTAL</b>	<b>416,927,072</b>	<b>400,385,353</b>	<b>423,400,869</b>	<b>391,181,820</b>
<b>Expenditures/Disbursements</b>				
Certificated Salaries	200,958,606	171,046,345	172,284,571	162,597,041
Classified Salaries	64,846,873	56,261,869	54,506,132	53,451,643
Employee Benefits	78,210,405	78,209,655	79,016,214	74,059,401
Books and Supplies	16,412,548	25,580,198	46,185,963	40,173,482
Services/Other Operating Expenditures	63,446,532	60,083,217	75,146,790	49,198,108
Capital Outlay	1,125,212	950,918	594,436	2,013,600
Other Outgo	13,663,767	12,091,215	11,441,219	13,163,599
Transfers of Direct/Indirect Support Costs	(1,452,455)	(820,724)	(1,850,107)	(1,991,139)
<b>TOTAL</b>	<b>437,211,488</b>	<b>403,402,663</b>	<b>437,325,220</b>	<b>392,665,736</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,284,416)	(3,017,310)	(13,924,351)	(1,483,916)
<b>OTHER FINANCING SOURCES/ (USES)</b>				
Transfers In/ Other Sources	73,522	2,765,591	2,284,771	2,195,643
Transfers Out/ Other Uses	(4,019,226)	(6,617,121)	(4,707,171)	(3,772,888)
State Emergency Apportionment Loan	65,000,000			7,000,000
<b>TOTAL</b>	<b>61,054,294</b>	<b>(3,851,530)</b>	<b>(2,422,400)</b>	<b>5,422,755</b>
Revenues/Other Sources Over (Under) Expenditures/Other Uses	40,769,878	(6,868,840)	(16,346,751)	3,938,839
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>(21,680,008)</b>	<b>19,089,870</b>	<b>11,844,828</b>	<b>(4,501,922)</b>
Adjustments/Restatements		(376,200)		
<b>FUND BALANCE, END OF YEAR</b>	<b>19,089,870</b>	<b>11,844,829</b>	<b>(4,501,923)</b>	<b>(563,083)</b>

<sup>(1)</sup> Excerpted from the District's audited financial statements 2002-03 prepared by the State Controller. Note, General Fund revenues and other sources exceeded expenditure and other uses by \$40,769,878 due to a \$65,000,000 emergency apportionment loan from the State. Without the State loan, the District would have ended the year with a negative fund balance of (\$45,910,130).

<sup>(2)</sup> Unaudited financial reports, adopted September 15, 2004, as amended on December 15, 2004.

<sup>(3)</sup> Estimated actual financial reports, as of July 27, 2005.

<sup>(4)</sup> 2005-06 Budget, adopted July 27, 2005. Includes additional draw on emergency apportionment loan of \$7,000,000.

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its 2005-06 budget, the District projects that it will expend \$290,108,085 in salaries and benefits, or approximately 74% of its general fund expenditures. This amount represents a decrease of approximately 5% from the \$305,806,918 the District expended in 2004-05.

Of the District's approximately 5,100 employees, 4,787 employees are represented by various labor organizations as shown in the table below. The remainder are not represented by any formal bargaining unit.

**Oakland Unified School District  
Labor Organizations**

<u>Labor Organization</u>	<u>Number of Employees</u>	<u>Contract Expiration</u>
American Federation of State, County and Municipal Employees, Local 257	656	June 30, 2008
Building & Construction Trades Council of Alameda County	80	*
Oakland American Federation of Teachers, Local 771	129	June 30, 2006
Oakland Child Development Paraprofessional Association	148	*
Oakland Education Association	2,627	*
Service Employees International Union, Local 790	917	*
Brotherhood of Teamsters, Warehouse Mail Order, Retail Employees, Local 853	3	*
Brotherhood of Teamsters, Auto Truck Drivers, Local 70	6	*
United Administrators of Oakland Schools	221	June 30, 2006

\* Contract negotiations currently pending.

*Retirement Systems.* The District participates in the State Teachers' Retirement System ("STRS") for all full-time and some part-time certificated employees. Each school district is required by statute to contribute 8.25% of eligible employees' salaries to STRS on a monthly basis. Employees are required to contribute 8% of eligible salary. The State is required to contribute as well. The District's employer contribution to STRS was approximately \$13.3 million for Fiscal Year 2004-05 and is budgeted at approximately \$17.4 million in Fiscal Year 2005-06.

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified employees. For many years, school districts were not required to contribute to CalPERS due to favorable investment of CalPERS funds, but beginning in 2002-03, the District was required to contribute toward CalPERS, at a State-determined percentage of CalPERS-eligible salaries. For Fiscal Year 2005-06, the contribution percentage is 13.02%. In Fiscal Year 2005-06, the total contribution is budgeted at approximately \$4.4 million, compared to a fiscal year 2004-05 expense of approximately \$5.3 million.

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.

The District contributes to the Public Agency Retirement System (PARS), a plan that covers part-time, seasonal, and temporary employees and all employees not covered by another retirement system. All eligible employees are covered by the plan and are fully vested. Employer liabilities are limited to the amount of current contributions. PARS is a defined contribution plan qualifying under 401(a) and 501 of the Internal Revenue Code. Contributions of 7.5% of covered compensation of eligible employees are made by the District. The District's contribution to PARS is approximately \$100,000.

*Post-Employment Benefits:* The District offers health insurance, dental care and vision benefits only to certain employees who participated in early retirement incentive programs. The employees must meet certain age and service requirements for eligibility. Such benefits are authorized through various District health collective bargaining agreements. Annual premiums are based on rates set by the health carriers with whom the District contracts. The amount of the District's contribution towards such annual premiums per employee is determined according to the collective bargaining agreements. The District recognizes the cost of providing those benefits and related administrative costs when paid. As of June 30, 2005, there were approximately 150 retirees receiving benefits. Such payments for retired employees totaled less than \$50,000 during the year ended June 30, 2005. The District's obligations will end in 2011.

*Accrued Vacation and other Obligations:* The District had accumulated unpaid employee vacation time valued at \$3,021,240 as of June 30, 2004. Sick leave benefits are not recognized as a liability; however the District does allow sick leave to count for service credit in calculation of retirement benefits for certain STRS and CalPERS employees.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 2% of its total general fund expenditures, based on total student attendance. Legislation enacted in connection with the 2003-04 State budget negotiations has granted school districts greater flexibility in the funding and use of these and certain other reserved funds. In 2003-04 and 2004-05, the District was only required to maintain a reserve for economic uncertainties in the amount of 1.0% of its total expenditures. Due to the District's current fiscal situation, the District has no reserve for economic uncertainty.

As a condition to receiving State modernization or construction funds, the District also agrees to fund a restricted maintenance reserve account in the General Fund each year for 20 years of at least 3% of its general fund budget. As a result of 2003-04 State budget legislation, in 2004-05, the District was only required to fund the maintenance reserve to 2% of its total expenditures. The District has budgeted a maintenance reserve contribution in Fiscal Year 2005-06 of 3%.

### **Insurance, Risk Pooling and Joint Powers Arrangements**

The District participates with other Alameda County school districts in the Schools Excess Liability Fund (SELF) joint powers agreement. SELF provides the District with excess workers' compensation and excess general liability insurance. The District pays premiums commensurate with the level of coverage requested. The excess workers' compensation policy was purchased with a self-insured retention amount of \$350,000 per occurrence and coverage for individual claims to the statutory maximum per occurrence. The excess liability policy was purchased with a self-insured retention amount of \$1,000,000 per occurrence and coverage for individual claims to \$14,000,000 per occurrence.

The District participates in a joint venture under a joint powers agreement with the Schools Association for Excess Risk (SAFER) for property insurance. The SAFER property insurance coverage limit is \$250,000,000 per occurrence with a self-insured retention of \$250,000. During fiscal year 2005-06, the district has budgeted for payment of premiums of \$553,643 for property insurance coverage.

The Oakland/Alameda Regional Occupation Program (ROP) was formed by a joint powers agreement between the District and the Alameda Unified School District (the participant districts). The ROP is governed by an appointed board of directors and is an entity separate and distinct from each of the participant districts. The purpose of the ROP is to provide entry-level occupational training to youths and adults residing in the participant districts. The ROP is funded by state apportionment monies based on average daily attendance reported to the State by each participant district. Apportionment monies are received from the State by the participant districts and transferred to the ROP. The ROP has no fixed assets and no employees. The participant districts allocate actual certificated and classified salaries, employee benefits, and indirect costs to the ROP.

The District participates in the Chabot Observatory and Science Center (COSC), a joint powers authority established to provide quality science education to members of the Oakland community. The joint powers board

consists of the District, the East Bay regional parks, and the City of Oakland. Each member has a representative on the board, which governs the management and financing of the COSC.

**Charter Schools**

Twenty-six charter schools serving grades K-12 operate within the District. Total charter school enrollment is estimated to be 7,643, as of the Fiscal Year 2005-06. Charter schools receive revenues from the State and from the District for each student enrolled, and thus cause a reduction in revenues available for students enrolled in District schools. However, per pupil expenditures of the District also decrease based upon the number of students enrolled in charter schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

Since the Fiscal Year 2000-01, new charters for new charter schools have been approved each year.

<u>Fiscal Year</u>	<u>Total charter school enrollment</u>
2000-01	1,130
2001-02	1,418
2002-03	2,025
2003-04	2,486
2004-05	4,030
2005-06*	7,643

\* Projected.

**District Debt Structure**

*Tax and Revenue Anticipation Notes.* The District has not issued Tax and Revenue Anticipation Notes (TRANs) since Fiscal Year 2001-02. Prior year issues are shown in the table below. No notes are currently outstanding. School district TRANs are an obligation of the general fund.

<u>Issuance Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Due Date</u>
11/18/99	\$35,000,000	4.00%	3.65%	11/17/00
10/12/00	\$40,000,000	4.50%	3.65%	10/11/01
10/25/01	\$40,000,000	3.00%	2.15%	10/24/02

The District did not complete the issuance of its 2002-03 TRAN. See "SPECIAL INVESTOR CONSIDERATIONS - Recent Financial History of the District" above.

*State of California Emergency Apportionment Loan.* On May 30, 2003, the Governor approved S.B. 39, which provided an emergency apportionment loan to the District of up to \$100,000,000 as a floating line of credit, to be drawn as the State Administrator and FCMAT jointly determine is needed to meet District obligations, including operating costs. As of June 30, 2005, the District had drawn \$65,000,000 of the emergency apportionment loan amount. The legislation requires the District to repay the loan over a 20-year term with interest, determined at a rate of 1.778%. If the District fails to make a payment, the Controller is directed to withhold the funds from the District's next scheduled apportionment of Proposition 98 State aid. The District has made two annual payments totaling \$5.5 million in principal. Future scheduled loan repayments can be found in the table below:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$2,832,949	\$1,057,585	\$3,890,534
2007	2,883,319	1,007,215	3,890,534
2008	2,934,585	955,949	3,890,534
2009-2013	15,474,380	3,978,290	19,452,670
2014-2018	16,899,848	2,552,822	19,452,670
2019-2023	<u>18,456,626</u>	<u>996,042</u>	<u>19,452,668</u>
Total	\$59,481,707	\$10,547,903	\$70,029,610

*Refunding of State Emergency Apportionment Loan.* On August 12, 2005, the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") approved issuance of its State School Fund Apportionment Lease Revenue Bonds, Series 2005, the proceeds of which will be used in part to repay to the State's general fund the outstanding amount of the District's emergency apportionment loan, and convert that loan into a lease-financing obligation of the District. The District will be required to make rental payments to the Infrastructure Bank on identified property of the District. The District's rental payments will secure and be used to pay the Infrastructure Bank's bonds. The District's obligation to make the rental payments is identical to the scheduled debt service payments on the emergency apportionment loan. Payments will be made directly by the State from funds intercepted from the State's annual apportionments to the District.

The District's ability to draw down the remaining portion of the \$100 million emergency apportionment loan is contingent upon the approval of both the State Administrator and FCMAT. If the District were to draw down any or all of the remaining portion of the emergency apportionment loan, the Infrastructure Bank is authorized to issue an additional series of refunding bonds, to prepay the amount drawn, and convert the new portion of the loan to a lease financing.

*General Obligation Bonds.* The District was authorized by its voters at an election held on November 8, 1994 to issue bonds of the District in an aggregate principal amount not to exceed \$169,730,000 to repair, renovate, acquire, and construct school facilities. All of the bonds authorized by the 1994 election have been issued. The following table shows bonds issued and outstanding, as of August 1, 2005.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u> <sup>(2)</sup>	<u>Year of Issue</u>
Series A	\$30,515,639.50	\$0.00	1995
Series B	9,999,977.00	5,334,325.50	1997
Refunding Series C	35,961,738.10 <sup>(1)</sup>	34,136,483.20	1998
Series D	5,999,276.75	3,463,398.60	1998
Series E	10,000,000.00	9,235,000.00	1999
Series F	75,000,000.00	61,875,000.00	2000
Series 2001	<u>38,215,106.75</u>	<u>35,167,100.00</u>	2001
TOTAL	\$205,691,738.10	\$149,211,307.30	

Total counting toward  
authorization: \$169,730,000.00<sup>(1)</sup>

<sup>(1)</sup> Refunding bond principal not counted against voted authorization.

<sup>(2)</sup> Accreted values of interest accrued but not due until maturity are not included.

The District received a second authorization at the March 7, 2000 election to issue \$303,000,000 in general obligation bonds. The 2005 Bonds are the third series of authorized bonds to be issued. The following table shows bonds issued and outstanding, as of August 1, 2005.

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series 2001	\$61,999,893.25	\$57,377,900.00	2001
Series 2002	<u>100,000,000.00</u>	<u>99,445,000.00</u>	2002
TOTAL	\$161,999,893.25	\$156,822,900.00	

An audit of the Schedules of Revenues and Expenditures of the District's general obligation bond funds for the years ended June 30, 2001 and June 30, 2002, was completed on December 31, 2003. The findings of the Bond Audit are described in "Other Audit Findings" above.

Voter-approved bonds are payable from an unlimited *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. The District general fund is not pledged to repayment of these bonds. See "THE BONDS - Annual Debt Service" in the front portion of this Official Statement for a description of principal and interest owed on all bonds outstanding.

*Certificates of Participation.* The District has caused certificates of participation to be issued from time to time in various lease obligations payable from the general fund of the District for capital improvements. The following table shows certificates issued and outstanding, as of August 1, 2005:

<u>Series Name</u>	<u>Initial Principal</u>	<u>Outstanding Principal</u>	<u>Year of Issue</u>
Series G	\$37,325,000	\$13,045,000	1999
Series H	12,565,000	9,065,000	1999
Series J	<u>4,690,000</u>	<u>3,125,000</u>	2002
TOTAL	\$54,580,000	\$25,235,000	

*State School Building Aid Loan.* The State School Building Aid Loans, with a weighted average interest rate of 5.22%, represent unpaid portions of loans made under provisions of State law for facilities construction at secondary schools. Repayments to the State School Building Aid Fund are based on a statutory formula with both repayments and interest charges being computed by the State Controller. The Controller directs the County to levy a tax at a specified rate in each year on all taxable real property in the District. If repayment of the loan computed under the statutory formula is insufficient to completely repay the loan within a thirty year period, the remaining balance is cancelled by law. The outstanding principal amount of the State School Building Aid Loan for secondary schools as of July 1, 2005 was \$178,143.50 and the scheduled debt service principal payment for Fiscal Year 2005-06 is \$79,237.67.

## **Capital Financing Plan**

The District continues to implement an ongoing educational facilities modernization and construction program financed primarily through the issuance of its general obligation bonds. The District currently has planned modernization and construction projects through Fiscal Year 2006-07 totaling approximately \$210 million. Sources of funds for the current capital projects include proceeds of the Bonds (\$141 million), proceeds of prior series of general obligation bonds (approximately \$16 million), State matching funds (approximately \$35 million), and developer fees (approximately \$6 million). Based upon the availability of State matching funds, total capital financing sources may not be sufficient to complete all planned projects through Fiscal Year 2006-07. Projects will be modified or postponed accordingly, based upon the availability of such funds.

During Fiscal Year 2004-05, the District began a comprehensive facilities needs assessment that is currently in process. Total future educational facilities construction and modernization needs are currently estimated at approximately \$447 million.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

*Article XIII A of the California Constitution.* Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (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. The tax for payment of the District's bonds falls within the exception for bonds approved by two-thirds vote.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any ad valorem property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property.



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

*Article XIII C and Article XIII D of the California Constitution.* On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, 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. Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIII C also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes or to otherwise interfere with performance of the duty of the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Developer fees imposed by the District are restricted as to use and are neither pledged nor available to pay the Bonds.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

### **Expenditures and Appropriations**

*Article XIII B of the California Constitution.* In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual "appropriations limit" or "Gann Limit" imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" exclude tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district's revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. If the State's aggregate "proceeds of taxes" for the preceding two-year period exceed the aggregate limit, 50% of the excess is transferred to fund the State's contribution to school and college districts.

In Fiscal Year 2003-04, the District had an appropriations limit of \$350,769,472 and appropriations subject to the limit of \$255,387,873.96. For Fiscal Year 2004-05, the District budgeted an appropriations limit of \$364,665,724.

*Future Initiatives.* Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 98 and 111, 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.

**APPENDIX B**

**EXCERPTS FROM UNAUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Exhibit A

RESOLUTION  
OF THE  
STATE ADMINISTRATOR  
OF THE  
OAKLAND UNIFIED SCHOOL DISTRICT

Resolution No. 0405-0068

**Amended Statement of All Receipts and Expenditures of the District for Fiscal Year  
2003-2004  
(Amended Closing of the Books for 2003-2004 Fiscal Year)**

WHEREAS, Education Code Section 42100 requires that the governing board of each school district shall approve the annual statement of receipts and expenditures of the District for the preceding fiscal year; and

WHEREAS, Education Code Section 42100 also requires that the approved statement be filed with the County Superintendent of Schools; and

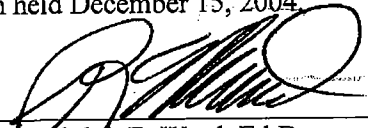
WHEREAS, subsequent to the District's initial adoption and filing of the Closing of the Books Statement for 2003-2004 Fiscal Year, on September 15, 2004, there has been a reversal of the Title I contribution of \$5.9 million to the Special Education Program, changing the General Fund ending balance from a positive \$1.5 million to a negative \$3.9 million and affecting the following Reports:

		<b>Page</b>
Form CA:	District Certification	1-2
Form CEA:	Current Expense Formula	3
Form ICR:	Indirect Cost Rate Worksheet	4-5
Form PCRAF:	Schedule of Allocations Factors	6
Form PCR:	Program Cost Report	7-11
Form 01:	General Fund 01 Report	12-26
Form MOE:	Maintenance of Effort (Sp ED)	27-44
Form TRC:	Technical Review Checks	45-51

NOW, THEREFORE, BE IT RESOLVED that the State Administrator of the Oakland Unified School District does hereby approve an Amended Statement of All Receipts and Expenditures of the District's Unaudited Actuals, as modified and reflected by the reports attached, for Fiscal Year 2003-2004; and

BE IT FURTHER RESOLVED that the State Administrator hereby authorizes the filing of the said reports, effectively amending the District's 2003-2004 Unaudited Actuals Statement with the Alameda County Superintendent of Schools.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution adopted by the State Administrator at a publicly noticed meeting of the State Administrator and/or the Board of Education held December 15, 2004.



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Randolph E. Ward, Ed.D.  
State Administrator

Resolution No. 0405-0068

**RESOLUTION OF THE STATE ADMINISTRATOR OF THE OAKLAND UNIFIED SCHOOL DISTRICT**  
Resolution No. 0405-0068  
Amended Statement of All Receipts and Expenditures of the District for Fiscal Year 2003-2004  
(Amended Closing of the Books for 2003-2004 Fiscal Year)  
Page 2 of 2

UNAUDITED ACTUAL FINANCIAL REPORT:

To the County Superintendent of Schools:

(  ) 2003/04 UNAUDITED ACTUAL FINANCIAL REPORT. This report is hereby filed by the governing board of the school district. (Pursuant to E.C. 42100)

Signed \_\_\_\_\_  
Clerk/Secretary of the Governing Board  
(Original signature required)

Date of Meeting: Nov. 17, 2004

To the Superintendent of Public Instruction:

(  ) 2003/04 UNAUDITED ACTUAL FINANCIAL REPORT. This report has been verified for accuracy by the County Superintendent of Schools. (Pursuant to E.C. 42100)

Signed \_\_\_\_\_  
County Superintendent/Designee  
(Original signature required)

Date: \_\_\_\_\_

For additional information on the unaudited actual reports, please contact:

County Office of Education

School District

Susan Spaay  
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SELECTION OF BUDGET ADOPTION CYCLE:

Pursuant to E.C. 42127 (i), this school district elects to use the following budget adoption cycle for the 2005/06 budget year:

(  ) Budget Adoption Cycle ('D' for Dual or 'S' for Single)

Exhibit B

Oakland Unified  
Alameda County

Unaudited Actuals  
FINANCIAL REPORTS  
2003/04 Unaudited Actuals  
Summary of Unaudited Actuals Data Submission

01 61259 0000000  
Form CA

Following is a summary of the critical data elements contained in your unaudited actuals data. Since this data may have fiscal implications for your agency, please verify the accuracy of this data before filing your unaudited actual financial reports with your reporting agency.

Form	Description	Value
CEA	Percent of Current Cost of Education Expended for Classroom Compensation (Must equal or exceed 60% for elementary, 55% for unified, and 50% for high school districts or future apportionments may be affected.)	55.15%
	CEA Deficiency Amount (Applicable to districts not exempt from the requirement and not meeting the minimum classroom compensation percentage - see Form CEA for further details.)	\$0.00
CORR	Total Cost for the Education of Adults in County Correctional Facilities (If the amount received for this program exceeds actual costs, the next apportionment is subject to reduction [EC 1909, 41841.5].)	
DAY	Excess Program Revenues (Must spend 90% of revenues on direct instructional and documented support costs [EC 48660.2]. A positive number here indicates that less than 90% was spent, subjecting the next apportionment to reduction.)	
GANN	Adjustments to Appropriations Limit Per Government Code Section 7902.1 (If this amount is not zero, it represents an increase to your appropriations limit. The Department of Finance must be notified of increases within 45 days of budget adoption.)	\$0.00
	Adjusted Appropriations Limit	\$350,769,472.43
	Appropriations Subject to Limit	\$255,393,686.40
	(These amounts represent the board approved Appropriations Limit and Appropriations Subject to Limit pursuant to Government Code Section 7906 and Education Code Section 42132.)	
ICR	Indirect Cost Rate (Fixed with Carry Forward Indirect Cost Rate for use in 2005/06, subject to CDE approval.)	6.49%
ROP	Amount in Excess of Allowable Contribution (Contributions must not exceed 15% of expenditures [EC 52321(b)]. A positive number here indicates that more than 15% was contributed, subjecting the next apportionment to reduction.)	
	Amount in Excess of Allowable Ending Balance (Net ending balance must not exceed 15% of expenditures [EC 52321(c)(1)]. A positive number here indicates that the ending balance exceeds 15% of expenditures, subjecting the next apportionment to reduction.)	
TRAN	Approved Transportation Expense - Home-to-School (If the amount received for this program, including supplemental grant add-on, exceeds actual costs, the next apportionment is subject to reduction [EC 41851(c)].)	\$2,442,570.84
	Approved Transportation Expense - SH/OH (If the amount received for this program exceeds actual costs, the next apportionment is subject to reduction [EC 41851.5(c)].)	\$7,358,960.09



Current Expense Formula/Minimum Classroom Compensation

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides) (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	171,046,315.48	301	0.00	303	171,046,315.48	305	6,577,397.18	1,850,141.00	307	169,196,174.48	309
2000 - Classified Salaries	56,261,868.98	311	284,630.74	313	55,977,238.24	315	515,698.24	279,613.33	317	55,697,624.91	319
3000 - Employee Benefits (Excluding 3800)	77,536,254.22	321	287,497.39	323	77,268,756.83	325	393,499.90	381,354.46	327	76,887,402.37	329
4000 - Books, Supplies Equip Replace. (6500)	25,580,733.61	331	2,752.50	333	25,577,981.11	335	4,284,014.01	1,555,825.00	337	24,022,156.11	339
5000 - Services... & (7300) Direct Support	59,262,492.98	341	9,054,708.11	343	50,207,784.87	345	11,763,316.61	20,432,432.73	347	29,775,352.14	349
<b>TOTAL</b>					<b>380,078,076.53</b>	<b>365</b>			<b>TOTAL</b>	<b>365,678,710.01</b>	<b>369</b>

Note 1 - In Column 2, report expenditures for the following programs: Nonagency, Community Services, Food Services, Fringe Benefits for Retired Persons, and Facilities Acquisition & Construction.

Note 2 - In Column 4, report expenditures for: Transportation, Lottery Expenditures, Special Education Students in Nonpublic Schools, and other federal or state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of E.C. Section 41372.

PART II: MINIMUM CLASSROOM COMPENSATION (Function 1000-1999)	Object	EDP No.
1. Teacher Salaries as Per E.C. 41011	1100	375
2. Salaries of Instruct. Aides Per E.C. 41011	2100	380
3. STRS	3101 & 3102	382
4. PERS	3201 & 3202	383
5. OASDI - Regular, Medicare and Alternative	3301 & 3302	384
6. Health & Welfare Benefits - Teachers & Aides (E.C. 41372) (Include Health, Dental, Vision, Pharmaceutical, and Tuition Plans)	3401 & 3402	385
7. Employment Insurance for Teachers & Instruct. Aides	3501 & 3502	390
8. Workers' Compensation Insurance for Teachers and Instruct. Aides	3601 & 3602	392
9. Other Benefits (E.C. 22310)	3901 & 3902	393
10. SUB - TOTAL Salaries and Benefits (Sum Lines 1 - 9)		395
11. Less: Teacher and Instruct. Aide Salaries and Benefits deducted in Column 2		0.00
12a. Less: Teacher and Instruct. Aide Salaries and Benefits (other than Lottery) deducted in Column 4a		625,074.51
b. Less: Teacher and Instruct. Aide Salaries and Benefits (other than Lottery) deducted in Column 4b		396
13. TOTAL SALARIES AND BENEFITS		397
14. Percent of Current Cost of Education Expended for Classroom Compensation (EDP 397 divided by EDP 369) Line 14 must equal or exceed 60% for elementary, 55% for unified and 50% for high school districts to avoid penalty under provision of E.C. 41372		55.15%
15. District is exempt from E.C. 41372 because it meets the provisions under E.C. 41374. (If exempt, enter 'X')		

PART III: DEFICIENCY AMOUNT

A deficiency amount (line 5) is only applicable to districts not meeting the minimum classroom compensation percentage required under E.C. 41372 and not exempt under the provisions of E.C. 41374.

1. Minimum percentage required (60% elementary, 55% unified, 50% high)	55.00%
2. Percentage spent by this district (Part II, Line 14)	55.15%
3. Percentage below the minimum (Part III, Line 1 minus Line 2)	0.00%
4. District's Current Expense of Education (Part I, EDP 369)	
5. Deficiency Amount (Part III, Line 3 times Line 4)	0.00

**† I - Classroom Units**

The following information is necessary to determine the percentage of plant maintenance & operations and facilities rents & leases attributable to "central administration" to include in the numerator of the indirect cost rate calculation.

A. Enter the classroom units for: Other General Administration (Functions 7200-7600), Data Processing-Services (Function 7700) and Plant Maintenance and Operations (Functions 8100-8400)	<u>411.78</u>
B. Enter the classroom units for: Instruction (Functions 1000-1999), Pupil Transportation (Function 3600), Food Services (Function 3700), Community Services (Functions 5000-5999), and Board and Superintendent (Functions 7100-7180)	<u>2,834.42</u>
C. Total classroom units [A plus B]	<u>3,246.20</u>
D. Percentage of total classroom units attributable to other general administration, data processing services, and plant maintenance & operations [A divided by C]	<u>12.68%</u>

**Part II - Data Processing Services (General Fund)**

The following information is necessary to determine if there are Data Processing Services in the Undistributed goals (0000 and 9000) that should be redistributed from indirect costs to base costs in the indirect cost rate calculation. Enter Data Processing Services in goals 0000 and 9000 for the following support functions:

<b>A. Support Function (Non-Facilities)</b>	
1. Instruction-Related Services (Functions 2000-2999)	_____
Pupil Services (Functions 3000-3999)	_____
3. Ancillary Services (Functions 4000-4999)	_____
4. Community Services (Functions 5000-5999)	_____
5. Board and Superintendent (Functions 7100-7180)	_____
6. Plant Maintenance and Operations (Functions 8100-8400)	_____
7. Total Support Function (Non-Facilities) [A1 through A6]	<u>0.00</u>
<b>B. Support Function (Facilities)</b>	
1. Facilities Acquisition and Construction (Function 8500)	_____
<b>C. Total</b>	
[A7 plus B1] (Cannot exceed total Data Processing Services in goals 0000 and 9000, Function 7700, Objects 1100-5900, 6400, 6500, and 7310-7380)	<u>0.00</u>

**† III - Indirect Cost Rate Calculation (General Fund, except for B10, B11, and B12)**

**A. Indirect Costs**

1	Other General Administration (Functions 7200-7600, Objects 1100-5900, 6400, and 6500)	17,726,194.83
2	Data Processing Services (Goals 0000 and 9000, Function 7700, Objects 1100-5900, 6400, 6500, and 7310-7380, less Item C from Part II Data Processing Services)	0.00
3	Plant Maintenance & Operations (Functions 8100-8400, Objects 1100-5900, 6400, and 6500, times Item D from Part I Classroom Units)	5,368,799.21
4	Facilities Rents & Leases (Function 8700, Object 5600, times Item D from Part I Classroom Units)	0.00
5	Total Indirect Costs [sum A1 through A4]	23,094,994.04
6	Carry Forward Adjustment [A5 plus 2nd prior year carry forward adjustment of \$-7,545,743.16, minus (2nd prior year indirect cost rate of 2.84% times B13)]	3,781,769.94
7	Total Adjusted Indirect Costs [A5 plus A6]	26,876,763.98

**B. Base Costs**

1	Instruction (Functions 1000-1999, Objects 1100-5900, 6400, and 6500)	240,527,687.28
2	Instruction-Related Services (Functions 2000-2999, Objects 1100-5900, 6400, and 6500)	55,527,789.68
3	Pupil Services (Functions 3000-3999, Objects 1100-5900, 6400, and 6500)	30,358,785.73
4	Ancillary Services (Functions 4000-4999, Objects 1100-5900, 6400, and 6500)	1,162,493.44
5	Community Services (Functions 5000-5999, Objects 1100-5900, 6400, and 6500)	250,540.88
6	Board and Superintendent (Functions 7100-7180, Objects 1100-5900, 6400, and 6500)	4,209,836.86
7	Data Processing Services (Goals 0001-8999, Function 7700, Objects 1100-5900, 6400, 6500, and 7310-7380, plus item A7 from Part II Data Processing)	0.00
8	Plant Maintenance & Operations (Functions 8100-8400, Objects 1100-5900, 6400, and 6500 minus A3)	36,971,888.58
	Facilities Rents & Leases (Function 8700, Object 5600, minus A4)	0.00
10	Adult Education (Fund 11, Objects 1100-5900)	10,929,055.62
11	Child Development (Fund 12, Objects 1100-5900)	19,673,715.55
12	Cafeteria (Funds 13 and 81, Objects 1100-5900)	14,736,126.70
13	Total Base Costs [Sum B1 through B12]	414,347,920.32

**C. Straight Indirect Cost Percentage Before Carry Forward Adjustment (For Information only - not for use when claiming/recovering indirect costs)**  
[A5 divided by B13]

5.57%

**D. Indirect Cost Rate (Fixed with carry-forward rate, for use in 2005/06)**  
[A7 divided by B13] (Subject to CDE approval)

6.49%

Unaudited Actuals  
2  
Gen. Fund  
Program Cost Report  
Schedule of Allocation Factors (AF)

	----- Teacher Full-Time Equivalents -----				----- Classroom Units -----		Pupils Transported	Work Stations
	Supervision of Instruction (Functions 2100-2200)	Library, Media, Technology and Other Instructional Resources (Functions 2420-2495)	School Administration (Function 2700)	Pupil Support Services (Functions 3100-3199 & 3900)	Plant Maintenance and Operations (Functions 8100-8400)	Facilities Rents and Leases (Function 8700)	Pupil Transportation (Function 3600)	Data Processing Services (Function 7700)
<b>A. Amount of Undistributed Expenditures, Fund 01, Goals 0000 and 9000 (will be allocated based on factors input)</b>	747,359.90	2,944.95	10,327.43	248,964.90	36,600,739.48	0.00	2,300,867.50	0.00
1. Undistributed Data Processing Services costs attributable to central administration								0.00
2. Enter amount of undistributed DP expenditures to be allocated (if any)								
<b>B. Enter Allocation Factor(s) by Goal:</b> (Note: Allocation factors are only needed for a column if there are undistributed expenditures in line A or line A2.)	<b>FTE Factor(s)</b>	<b>FTE Factor(s)</b>	<b>FTE Factor(s)</b>	<b>FTE Factor(s)</b>	<b>CU Factor(s)</b>	<b>CU Factor(s)</b>	<b>PT Factor(s)</b>	<b>WS Factor(s)</b>
<b>Instructional Goals</b>	<b>Description</b>							
0001	Pre-Kindergarten	4.60	4.60	4.60	4.60	100.00		
1110	Regular Education, K-12	2,095.12	2,095.12	2,095.12	2,095.12	2,890.00		
3100	Alternative Schools	4.20	4.20	4.20	4.20			
3200	Continuation Schools	16.45	16.45	16.45	16.45			
3300	Independent Study Centers	14.00	14.00	14.00	14.00			
3400	Opportunity Schools	7.00	7.00	7.00	7.00			
3550	Community Day Schools							
3700	Specialized Secondary Programs							
3800	Vocational Education	16.45	16.45	16.45	16.45			
4760	Bilingual	13.87	13.87	13.87	13.87			
4850	Migrant Education							
5000-5999	Special Education (allocated to 5001)	329.10	329.10	329.10	329.10		2,181.00	
6000	ROC/P							
7110	Nonagency - Educational							
7150	Nonagency - Other							
<b>Other Goals</b>	<b>Description</b>							
8100	Community Services							
8500	Child Care and Development Services							
<b>Other Funds</b>	<b>Description</b>							
--	Adult Education (Fund 11)				29.00			
--	Child Development (Fund 12)	136.50	136.50	136.50	136.50			
--	Cafeteria (Funds 13 & 61)							
<b>C. Total Allocation Factors</b>		<b>2,637.29</b>	<b>2,637.29</b>	<b>2,637.29</b>	<b>2,637.29</b>	<b>3,019.00</b>	<b>0.00</b>	<b>2,181.00</b>

6

Oakland Unified  
Alameda County

Unaudited Actuals  
2003/04  
General Fund  
Program Cost Report

01 61259 000000  
Form PCR

Goal	Program/Activity	Direct Costs			Central Admin Costs (col. 3 x Sch. CAC line E) Column 4	Other Costs (Schedule OC) Column 5	Total Costs by Program (col. 3 + 4 + 5) Column 6
		Direct Charged (Schedule DCC) Column 1	Allocated (Schedule AC) Column 2	Subtotal (col. 1 + 2) Column 3			
<b>Instructional Goals</b>							
0001	Pre-Kindergarten	13,654.71	1,214,107.42	1,227,762.13	64,817.17		1,292,579.30
1110	Regular Education, K-12	251,056,249.30	35,838,858.30	286,895,107.60	15,146,035.32		302,041,142.92
3100	Alternative Schools	1,267,712.35	1,607.83	1,269,320.18	67,011.14		1,336,331.32
3200	Continuation Schools	1,949,638.05	6,297.33	1,955,935.38	103,259.57		2,059,194.95
3300	Independent Study Centers	1,228,429.98	5,359.42	1,233,789.40	65,135.37		1,298,924.77
3400	Opportunity Schools	716,493.07	2,679.71	719,172.78	37,967.24		757,140.02
3550	Community Day Schools	30,200.00	0.00	30,200.00	1,594.35		31,794.35
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00		0.00
3800	Vocational Education	2,261,439.20	6,297.33	2,267,736.53	119,720.47		2,387,457.00
4110	Regular Education, Adult						0.00
4610	Adult Independent Study Centers						0.00
4620	Adult Correctional Education						0.00
4630	Adult Vocational Education						0.00
4760	Bilingual	7,981,983.85	5,309.66	7,987,293.51	421,672.68		8,408,966.19
4850	Migrant Education	197,201.44	0.00	197,201.44	10,410.84		207,612.28
5000-5999	Special Education	54,059,122.65	2,426,852.29	56,485,974.94	2,982,060.51		59,468,035.45
6000	Regional Occupational Ctr/Prg (ROC/P)	0.00	0.00	0.00	0.00		0.00
7110	Nonagency - Educational	9,234,319.03	0.00	9,234,319.03	487,506.82		9,721,825.85
7150	Nonagency - Other	0.00	0.00	0.00	0.00		0.00
<b>Other Goals</b>							
8100	Community Services	252,182.89	0.00	252,182.89	13,313.48		265,496.37
8500	Child Care and Development Services	12,000.00	0.00	12,000.00	633.52		12,633.52
<b>Other Costs</b>							
---	Food Services					0.00	0.00
---	Enterprise					0.00	0.00
---	Facilities Acquisition & Construction					24,310.35	24,310.35
---	Other Outgo					18,708,336.32	18,708,336.32
<b>Other Funds</b>							
---	Adult Education, Child Development, Cafeteria		403,834.86	403,834.86	2,414,893.20		2,818,728.06
---	Indirect Costs Charged to Other Funds				(820,723.83)		(820,723.83)
---	<b>Total General Fund Expenditures</b>	<b>330,260,626.52</b>	<b>39,911,204.15</b>	<b>370,171,830.67</b>	<b>21,115,307.85</b>	<b>18,732,646.67</b>	<b>410,019,785.19</b>

Oakland Unified School District Board Record

Unaudited Actuals  
2004  
General Fund  
Program Cost Report  
Schedule of Direct Charged Costs (DCC)

Goal	Type of Program	Instruction (Functions 1000-1999)	Supervision of Instruction (Functions 2100-2200)	Library, Media, Technology and Other Instructional Resources (Functions 2420-2495)	School Administration (Function 2700)	Pupil Support Services (Functions 3110-3160 and 3900)	Pupil Transportation (Function 3600)	Ancillary Services (Functions 4000-4999)	Community Services (Functions 5000-5999)	Data Processing Services (Function 7700)	Plant Maintenance and Operations (Functions 8100-8400)	Facilities Rents and Leases (Function 8700)	Total
<b>Instructional Goals</b>													
0001	Pre-Kindergarten	13,654.71	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	13,654.71
1110	Regular Education, K-12	182,988,403.15	19,736,322.00	3,284,573.95	26,523,995.19	11,741,615.30	81,390.00	1,162,493.44		0.00	5,537,456.27	0.00	251,056,249.30
3100	Alternative Schools	471,501.86	0.00	0.00	(1,050.00)	707,773.35	0.00	0.00		0.00	89,487.14	0.00	1,267,712.35
3200	Continuation Schools	1,113,552.44	0.00	0.00	618,608.27	111,130.64	0.00	0.00		0.00	106,346.70	0.00	1,949,638.05
3300	Independent Study Centers	1,159,293.90	0.00	0.00	18,239.73	50,896.35	0.00	0.00		0.00	0.00	0.00	1,228,429.98
3400	Opportunity Schools	524,219.97	0.00	0.00	145,428.09	46,389.22	0.00	0.00		0.00	455.79	0.00	716,493.07
3550	Community Day Schools	0.00	30,200.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	30,200.00
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
3800	Vocational Education	1,749,628.05	50,664.73	0.00	388,496.37	72,650.05	0.00	0.00		0.00	0.00	0.00	2,261,439.20
4110	Regular Education, Adult												0.00
4610	Adult Independent Study Centers												0.00
4620	Adult Correctional Education												0.00
4630	Adult Vocational Education												0.00
4760	Bilingual	5,396,256.81	714,024.14	58,356.37	145,506.19	1,667,840.34	0.00	0.00		0.00	0.00	0.00	7,981,983.85
4850	Migrant Education	76,206.22	7,089.31	113,905.91	0.00	0.00	0.00	0.00		0.00	0.00	0.00	197,201.44
5000-5999	Special Education	37,788,651.14	2,687,135.52	0.00	249,507.51	6,173,530.93	7,155,737.15	0.00		0.00	4,560.40	0.00	54,059,122.65
6000	ROCP	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00
7110	Nonagency - Educational	9,234,319.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,234,319.03
7150	Nonagency - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other Goals</b>													
8100	Community Services	0.00	0.00	0.00	0.00	0.00	0.00		250,540.88	0.00	1,642.01	0.00	252,182.89
8500	Child Care and Development Services	12,000.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	12,000.00
<b>Total Direct Charged Costs</b>		<b>240,527,687.28</b>	<b>23,225,435.70</b>	<b>3,456,836.23</b>	<b>28,088,731.35</b>	<b>20,571,826.18</b>	<b>7,237,127.15</b>	<b>1,162,493.44</b>	<b>250,540.88</b>	<b>0.00</b>	<b>5,739,948.31</b>	<b>0.00</b>	<b>330,260,626.52</b>

Unaudited Actuals  
2003/04  
General Fund  
Program Cost Report  
Schedule of Allocated Costs (AC)

Goal	Type of Program	Allocated Costs (Based on factors input on Form PCRAF)				Total
		Full-Time Equivalents	Classroom Units	Pupils Transported	Work Stations	
<b>Instructional Goals</b>						
0001	Pre-Kindergarten	1,760.96	1,212,346.46	0.00	0.00	1,214,107.42
1110	Regular Education, K-12	802,045.75	35,036,812.55	0.00	0.00	35,838,858.30
3100	Alternative Schools	1,607.83	0.00	0.00	0.00	1,607.83
3200	Continuation Schools	6,297.33	0.00	0.00	0.00	6,297.33
3300	Independent Study Centers	5,359.42	0.00	0.00	0.00	5,359.42
3400	Opportunity Schools	2,679.71	0.00	0.00	0.00	2,679.71
3550	Community Day Schools	0.00	0.00	0.00	0.00	0.00
3700	Specialized Secondary Programs	0.00	0.00	0.00	0.00	0.00
3800	Vocational Education	6,297.33	0.00	0.00	0.00	6,297.33
4760	Bilingual	5,309.66	0.00	0.00	0.00	5,309.66
4850	Migrant Education	0.00	0.00	0.00	0.00	0.00
5000-5999	Special Education (allocated to 5001)	125,984.79	0.00	2,300,867.50	0.00	2,426,852.29
6000	ROC/P	0.00	0.00	0.00	0.00	0.00
7110	Nonagency - Educational	0.00	0.00	0.00	0.00	0.00
7150	Nonagency - Other	0.00	0.00	0.00	0.00	0.00
<b>Other Goals</b>						
8100	Community Services	0.00	0.00	0.00	0.00	0.00
8500	Child Care and Development Svcs.	0.00	0.00	0.00	0.00	0.00
<b>Other Funds</b>						
--	Adult Education (Fund 11)		351,580.47			351,580.47
--	Child Development (Fund 12)	52,254.39	0.00	0.00		52,254.39
--	Cafeteria (Funds 13 and 61)		0.00			0.00
<b>Total Allocated Costs</b>		<b>1,009,597.17</b>	<b>36,600,739.48</b>	<b>2,300,867.50</b>	<b>0.00</b>	<b>39,911,204.15</b>

b

Unaudited Actuals  
2003/04  
Program Cost Report  
Schedule of Central Administration Costs (CAC)

<b>A. Central Administration Costs in General Fund</b>		
1	Board and Superintendent (Fund 01, Functions 7100-7180, Objects 1000-7999)	4,209,836.86
2	Other General Administration (Fund 01, Functions 7200-7600, Objects 1100-5900, 6400 and 6500)	17,726,194.83
3	Central Administration Data Processing Services (from Form PCRAF, Column WS, Line A1)	0.00
4	<b>Total Central Administration Costs in General Fund</b>	<b>21,936,031.69</b>
<b>B. Direct Charged and Allocated Costs in General Fund</b>		
1	Total Direct Charged Costs (from Form PCR, Column 1, Total)	330,260,626.52
2	Total Allocated Costs (from Form PCR, Column 2, Total)	39,911,204.15
3	<b>Total Direct Charged and Allocated Costs in General Fund</b>	<b>370,171,830.67</b>
<b>C. Direct Charged Costs in Other Funds</b>		
1	Adult Education (Fund 11, Objects 1100-5900)	10,929,055.62
2	Child Development (Fund 12, Objects 1100-5900)	19,673,715.55
3	Cafeteria (Funds 13 & 61, Objects 1100-5900)	14,736,126.70
4	<b>Total Direct Charged Costs in Other Funds</b>	<b>45,338,897.87</b>
<b>D. Total Direct Charged and Allocated Costs (B3 + C4)</b>		<b>415,510,728.54</b>
<b>E. Ratio of Central Administration Costs to Direct Charged and Allocated Costs (A4/D)</b>		<b>5.28%</b>



Unaudited Actuals  
2003/04  
General Fund  
Program Cost Report  
Schedule of Other Costs (OC)

Type of Activity	Food Services (Function 3700)	Enterprise (Function 6000)	Facilities Acquisition & Construction (Function 8500)	Other Outgo (Functions 9000-9999)	Total
Food Services (Objects 1100-5900, 6400, 6500 and 7380)	0.00				0.00
Enterprise (Objects 1100-5900, 6400 and 6500)		0.00			0.00
Facilities Acquisition & Construction (Objects 1100-6500)			24,310.35		24,310.35
Other Outgo (Objects 1000-7999)				18,708,336.32	18,708,336.32
<b>Total Other Costs</b>	0.00	0.00	24,310.35	18,708,336.32	18,732,646.67

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>A. REVENUES</b>									
1) Revenue Limit Sources		8010-8099	215,254,193.97	10,806,283.40	226,060,477.37	216,297,475.00	10,046,889.00	226,344,364.00	0.1%
2) Federal Revenue		8100-8299	77,626.37	53,701,929.70	53,779,556.07	0.00	58,243,461.00	58,243,461.00	8.3%
3) Other State Revenue		8300-8599	21,736,555.09	79,674,960.46	101,411,515.55	20,240,182.00	64,617,868.00	84,858,050.00	-16.3%
4) Other Local Revenue		8600-8799	14,384,414.45	4,749,389.84	19,133,804.29	19,665,410.00	1,193,843.00	20,859,253.00	9.0%
5) TOTAL, REVENUES			251,452,789.88	148,932,563.40	400,385,353.28	256,203,067.00	134,102,061.00	390,305,128.00	-2.5%
<b>B. EXPENDITURES</b>									
1) Certificated Salaries		1000-1999	128,668,414.51	42,377,900.97	171,046,315.48	121,741,889.00	41,930,275.00	163,672,164.00	-4.3%
2) Classified Salaries		2000-2999	26,756,944.24	29,504,924.74	56,261,868.98	25,648,887.00	28,959,916.00	54,608,803.00	-2.9%
3) Employee Benefits		3000-3999	50,352,267.25	27,857,388.21	78,209,655.46	52,052,473.83	27,121,593.20	79,174,067.03	1.2%
4) Books and Supplies		4000-4999	5,020,111.31	20,560,087.16	25,580,198.47	8,936,193.19	32,253,362.77	41,189,555.96	61.0%
5) Services, Other Operating Expenses		5000-5999	18,377,454.68	41,705,762.13	60,083,216.81	17,137,359.00	30,177,961.81	47,315,320.81	-21.3%
6) Capital Outlay		6000-6999	269,234.86	681,682.66	950,917.52	4,657.00	0.00	4,657.00	-99.5%
7) Other Outgo (excluding Transfers of Indirect/ Direct Support Costs)		7100-7299 7400-7499	10,339,095.00	1,752,119.52	12,091,214.52	10,717,543.00	1,784,706.00	12,502,249.00	3.4%
8) Transfers of Indirect/Direct Support Costs		7300-7399	(3,465,579.72)	2,644,855.89	(820,723.83)	(4,371,536.00)	3,016,128.00	(1,355,408.00)	65.1%
9) TOTAL, EXPENDITURES			236,317,942.13	167,084,721.28	403,402,663.41	231,867,466.02	165,243,942.78	397,111,408.80	-1.6%
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</b>									
			15,134,847.75	(18,152,157.88)	(3,017,310.13)	24,335,600.98	(31,141,881.78)	(6,806,280.80)	125.6%
<b>D. OTHER FINANCING SOURCES/USES</b>									
1) Interfund Transfers									
a) Transfers In		8910-8929	1,028,503.00	1,737,088.30	2,765,591.30	0.00	1,702,492.00	1,702,492.00	-38.4%
b) Transfers Out		7610-7629	2,921,532.80	3,695,589.00	6,617,121.80	1,648,765.00	1,759,682.00	3,406,447.00	-48.5%
2) Other Sources/Uses									
a) Sources		8930-8979	0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
b) Uses		7630-7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
3) Contributions		8980-8999	(21,949,526.83)	21,949,526.83	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(23,842,556.63)	19,991,026.13	(3,851,530.50)	(25,842,911.00)	26,710,307.00	867,396.00	-122.5%

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)</b>			(8,707,708.88)	1,838,868.25	(6,868,840.63)	(1,507,310.02)	(4,431,574.78)	(5,938,884.80)	-13.5%
<b>F. FUND BALANCE, RESERVES</b>									
1) Beginning Fund Balance									
a) As of July 1 - Unaudited		9791	7,700,621.75	11,406,318.96	19,106,940.71	(3,971,506.32)	15,816,335.57	11,844,829.25	-38.0%
b) Audit Adjustments		9793	(17,070.54)	0.00	(17,070.54)	0.00	0.00	0.00	-100.0%
c) As of July 1 - Audited (F1a + F1b)			7,683,551.21	11,406,318.96	19,089,870.17	(3,971,506.32)	15,816,335.57	11,844,829.25	-38.0%
d) Other Restatements		9795	(2,947,348.65)	2,571,148.36	(376,200.29)	0.00	0.00	0.00	-100.0%
e) Adjusted Beginning Balance (F1c + F1d)			4,736,202.56	13,977,467.32	18,713,669.88	(3,971,506.32)	15,816,335.57	11,844,829.25	-36.7%
2) Ending Balance, June 30 (E + F1e)			(3,971,506.32)	15,816,335.57	11,844,829.25	(5,478,816.34)	11,384,760.79	5,905,944.45	-50.1%
Components of Ending Fund Balance									
a) Reserve for									
Revolving Cash		9711	165,000.00	0.00	165,000.00	0.00	0.00	0.00	-100.0%
Stores		9712	183,722.83	0.00	183,722.83	0.00	0.00	0.00	-100.0%
Prepaid Expenditures		9713	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
General Reserve		9730	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Legally Restricted Balance		9740	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
b) Designated Amounts									
Designated for Economic Uncertainties		9770	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Designated for the Unrealized Gains of Investments and Cash in County Treasury		9775	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Designations		9780	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
c) Undesignated Amount			(4,320,229.15)	15,816,335.57	11,496,106.42				
d) Unappropriated Amount						(5,478,816.34)	11,384,760.79	5,905,944.45	

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>G. ASSETS</b>									
1) Cash									
a) in County Treasury		9110	(3,467,344.52)	14,167,705.04	10,700,360.52				
1) Fair Value Adjustment to Cash in County Treasury		9111	0.00	0.00	0.00				
b) in Banks		9120	522,909.84	0.00	522,909.84				
c) in Revolving Fund		9130	165,000.00	0.00	165,000.00				
d) with Fiscal Agent		9135	0.00	1,648,630.53	1,648,630.53				
e) collections awaiting deposit		9140	0.00	0.00	0.00				
2) Investments		9150	0.00	0.00	0.00				
3) Accounts Receivable		9200	29,194,094.07	0.00	29,194,094.07				
4) Due from Grantor Government		9290	0.00	0.00	0.00				
5) Due from Other Funds		9310	3,583,414.17	0.00	3,583,414.17				
6) Stores		9320	183,722.83	0.00	183,722.83				
7) Prepaid Expenditures		9330	0.00	0.00	0.00				
8) Other Current Assets		9340	0.00	0.00	0.00				
9) Fixed Assets		9400							
10) TOTAL, ASSETS			30,181,796.39	15,816,335.57	45,998,131.96				
<b>H. LIABILITIES</b>									
1) Accounts Payable		9500	22,105,386.21	0.00	22,105,386.21				
2) Due to Grantor Governments		9590	0.00	0.00	0.00				
3) Due to Other Funds		9610	2,647,833.06	0.00	2,647,833.06				
4) Current Loans		9640	0.03	0.00	0.03				
5) Deferred Revenue		9650	9,400,083.41	0.00	9,400,083.41				
6) Long-Term Liabilities		9660							
7) TOTAL, LIABILITIES			34,153,302.71	0.00	34,153,302.71				
<b>I. FUND EQUITY</b>									
Ending Fund Balance, June 30 (must agree with line F2) (G10 - H7)			(3,971,506.32)	15,816,335.57	11,844,829.25				

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>REVENUE LIMIT SOURCES</b>									
Principal Apportionment State Aid - Current Year		8011	114,416,133.62	0.00	114,416,133.62	103,061,871.00	0.00	103,061,871.00	-9.9%
Charter Schools General Purpose Entitlement - State Aid		8015	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
State Aid - Prior Years		8019	(605,582.63)	0.00	(605,582.63)	0.00	0.00	0.00	-100.0%
Tax Relief Subventions Homeowners' Exemptions		8021	633,034.92	0.00	633,034.92	700,000.00	0.00	700,000.00	10.6%
Timber Yield Tax		8022	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8029	1,057,260.65	0.00	1,057,260.65	1,300,000.00	0.00	1,300,000.00	23.0%
County & District Taxes Secured Roll Taxes		8041	38,673,620.81	0.00	38,673,620.81	44,000,000.00	0.00	44,000,000.00	13.8%
Unsecured Roll Taxes		8042	3,340,695.15	0.00	3,340,695.15	5,000,000.00	0.00	5,000,000.00	49.7%
Prior Years' Taxes		8043	234,081.40	0.00	234,081.40	120,000.00	0.00	120,000.00	-48.7%
Supplemental Taxes		8044	2,486,857.51	0.00	2,486,857.51	3,500,000.00	0.00	3,500,000.00	40.7%
Education Revenue Augmentation Fund (ERAF)		8045	62,967,712.50	0.00	62,967,712.50	65,880,000.00	0.00	65,880,000.00	4.6%
Community Redevelopment Funds (SB 617/699/1992)		8047	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Penalties and Interest on Delinquent Revenue Limit Taxes		8048	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Miscellaneous Funds (EC 41604) Royalties and Bonuses		8081	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other In-Lieu Taxes		8082	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Less: Non-Revenue Limit (50%) Adjustment		8089	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>Subtotal, Revenue Limit Sources</b>			<b>223,203,813.93</b>	<b>0.00</b>	<b>223,203,813.93</b>	<b>223,561,871.00</b>	<b>0.00</b>	<b>223,561,871.00</b>	<b>0.2%</b>
<b>Revenue Limit Transfers</b>									
Unrestricted Revenue Limit Transfers - Current Year	0000	8091	(8,933,355.96)	0.00	(8,933,355.96)	(8,669,156.00)	0.00	(8,669,156.00)	-3.0%
Continuation Education ADA Transfer	2200	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Community Day Schools Transfer	2430	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education ADA Transfer	6500	8091	0.00	8,316,888.96	8,316,888.96	0.00	7,986,438.00	7,986,438.00	-4.0%

Oakland Unified School District Board Record

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
ROC/P Apprentice Hours Transfer	6350	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Revenue Limit Transfers - Current Year	All Other	8091	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
PERS Reduction Transfer		8092	983,736.00	0.00	983,736.00	1,404,760.00	0.00	1,404,760.00	42.8%
Property Taxes Transfers		8097	0.00	2,489,394.44	2,489,394.44	0.00	2,060,451.00	2,060,451.00	-17.2%
Revenue Limit Transfers - Prior Years		8099	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, REVENUE LIMIT SOURCES</b>			<b>215,254,193.97</b>	<b>10,806,283.40</b>	<b>226,060,477.37</b>	<b>216,297,475.00</b>	<b>10,046,889.00</b>	<b>226,344,364.00</b>	<b>0.1%</b>
<b>FEDERAL REVENUE</b>									
Maintenance and Operation		8110	10,841.54	0.00	10,841.54	0.00	0.00	0.00	-100.0%
Special Education Entitlement		8181	0.00	7,252,092.00	7,252,092.00	0.00	7,252,092.00	7,252,092.00	0.0%
Discretionary Grants		8182	0.00	1,040,606.38	1,040,606.38	0.00	905,644.00	905,644.00	-13.0%
Child Nutrition Programs		8220	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Forest Reserve Funds		8260	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Flood Control Funds		8270	35,330.83	0.00	35,330.83	0.00	0.00	0.00	-100.0%
Wildlife Reserve Funds		8280	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
FEMA		8281	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Contracts Between LEAs		8285	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues from Federal Sources		8287	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NCLB/IASA	3000-3299, 4000-4135, 4201-4215, 4610, 5510	8290	0.00	38,051,590.04	38,051,590.04	0.00	47,066,470.00	47,066,470.00	23.7%
Vocational and Applied Technology Education	3500-3699	8290	0.00	650,017.57	650,017.57	0.00	614,000.00	614,000.00	-5.5%
Safe and Drug Free Schools	3700-3799	8290	0.00	593,007.54	593,007.54	0.00	732,874.00	732,874.00	23.6%
JTPA / WIA	5600-5625	8290	0.00	33,097.99	33,097.99	0.00	0.00	0.00	-100.0%
Other Federal Revenue	All Other	8290	31,454.00	6,081,518.18	6,112,972.18	0.00	1,672,381.00	1,672,381.00	-72.6%
<b>TOTAL, FEDERAL REVENUE</b>			<b>77,626.37</b>	<b>53,701,929.70</b>	<b>53,779,556.07</b>	<b>0.00</b>	<b>58,243,461.00</b>	<b>58,243,461.00</b>	<b>8.3%</b>

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>OTHER STATE REVENUE</b>									
Other State Apportionments									
ROC/P Entitlement									
Current Year	6350-6360	8311	0.00	1,682,819.00	1,682,819.00	0.00	1,619,706.00	1,619,706.00	-3.8%
Prior Years	6350-6360	8319	0.00	(55,299.21)	(55,299.21)	0.00	0.00	0.00	-100.0%
Special Education Master Plan									
Current Year	6500	8311	0.00	22,354,356.00	22,354,356.00	0.00	21,688,465.00	21,688,465.00	-3.0%
Prior Years	6500	8319	0.00	846,135.53	846,135.53	0.00	0.00	0.00	-100.0%
Gifted and Talented Pupils	7140	8311	0.00	369,280.00	369,280.00	0.00	393,520.00	393,520.00	6.6%
Home-to-School Transportation	7230-7235	8311	0.00	2,742,081.00	2,742,081.00	0.00	2,548,678.00	2,548,678.00	-7.1%
School Improvement Program	7260-7265	8311	0.00	3,868,171.83	3,868,171.83	0.00	5,790,000.00	5,790,000.00	49.7%
Economic Impact Aid	7090-7091	8311	0.00	11,003,018.00	11,003,018.00	0.00	11,003,020.00	11,003,020.00	0.0%
Spec. Ed. Transportation	7240	8311	0.00	2,944,171.00	2,944,171.00	0.00	3,096,491.00	3,096,491.00	5.2%
All Other State Apportionments - Current Year	All Other	8311	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Apportionments - Prior Year	All Other	8319	0.00	22,774.50	22,774.50	0.00	0.00	0.00	-100.0%
Year Round School Incentive		8425	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Class Size Reduction K-3		8434	13,123,730.00	0.00	13,123,730.00	12,800,000.00	0.00	12,800,000.00	-2.5%
Class Size Reduction, Grade 9		8435	322,920.00	0.00	322,920.00	495,000.00	0.00	495,000.00	53.3%
Charter Schools Categorical Block Grant		8480	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Child Nutrition Programs		8520	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Mandated Costs Reimbursements		8550	4,699.00	0.00	4,699.00	0.00	0.00	0.00	-100.0%
State Lottery Revenue		8560	6,229,873.72	1,611,276.25	7,841,149.97	5,614,000.00	550,000.00	6,164,000.00	-21.4%
Tax Relief Subventions									
Restricted Levies - Other									
Homeowners' Exemptions		8575	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8576	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues from State Sources		8587	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Miller Unruh Reading Program	7200	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Demo Program, Reading & Math	7050	8590	0.00	2,460.80	2,460.80	0.00	0.00	0.00	-100.0%
Instructional Materials									
Elementary	7155	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Secondary	7160	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Other	7156, 7170, 7180	8590	0.00	1,262,680.00	1,262,680.00	0.00	1,056,000.00	1,056,000.00	-16.4%
Staff Development	7285, 7292, 7294, 7295, 7305, 7315	8590	0.00	454,971.80	454,971.80	0.00	312,400.00	312,400.00	-31.3%
Tenth Grade Counseling	7375	8590	0.00	90,705.00	90,705.00	0.00	90,705.00	90,705.00	0.0%
Mentor Teacher	7270	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Educational Technology Assistance Grants	7100-7125	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
School Based Coordination Program	7250	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Drug/Alcohol/Tobacco Funds	6605-6680	8590	0.00	254,663.34	254,663.34	0.00	46,341.00	46,341.00	-81.8%
Healthy Start	6240-6245	8590	0.00	1,034,020.12	1,034,020.12	0.00	0.00	0.00	-100.0%
Class Size Reduction Facilities	6200	8590	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other State Revenue	All Other	8590	2,055,332.37	29,186,675.50	31,242,007.87	1,331,182.00	16,422,542.00	17,753,724.00	-43.2%
<b>TOTAL, OTHER STATE REVENUE</b>			<b>21,736,555.09</b>	<b>79,674,960.46</b>	<b>101,411,515.55</b>	<b>20,240,182.00</b>	<b>64,617,868.00</b>	<b>84,858,050.00</b>	<b>-16.3%</b>



Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>OTHER LOCAL REVENUE</b>									
Other Local Revenue									
County and District Taxes									
Other Restricted Levies									
Secured Roll		8615	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Unsecured Roll		8616	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Prior Years' Taxes		8617	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Supplemental Taxes		8618	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Non-Ad Valorem Taxes									
Parcel Taxes		8621	11,897,770.38	0.00	11,897,770.38	18,490,084.00	0.00	18,490,084.00	55.4%
Other		8622	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Community Redevelopment Funds									
Not Subject to RL Deduction		8625	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Penalties and Interest from									
Delinquent Non-Revenue									
Limit Taxes		8629	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sales									
Sale of Equipment/Supplies		8631	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Sale of Publications		8632	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Food Service Sales		8634	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Sales		8639	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Leases and Rentals		8650	197,759.15	0.00	197,759.15	190,000.00	0.00	190,000.00	-3.9%
Interest		8660	676,607.77	0.00	676,607.77	450,000.00	0.00	450,000.00	-33.5%
Net Increase (Decrease) in the Fair Value									
of Investments		8662	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Fees and Contracts									
Non-Resident Students		8672	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Fees From Individuals		8675	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transportation Services	7230, 7240	8677	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Interagency Services	All Other	8677	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Mitigation/Developer Fees		8681	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Fees and Contracts		8689	867.00	0.00	867.00	0.00	0.00	0.00	-100.0%
Other Local Revenue									

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Plus: Misc Funds Non-Revenue Limit (50%) Adjustment		8691	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Pass-Through Revenues From Local Sources		8697	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Local Revenue		8699	1,611,410.15	4,749,389.84	6,360,799.99	535,326.00	1,193,843.00	1,729,169.00	-72.8%
Tuition		8710	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Charter Schools Funding In-Lieu of Property Taxes		8780	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In		8781-8783	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers Of Apportionments									
Special Education SELPA Transfers From Districts	6500	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6500	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6500	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
ROC/P Transfers From Districts	6350, 6360	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	6350, 6360	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	6350, 6360	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Transfers of Apportionments From Districts	All Other	8791	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From County Offices	All Other	8792	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From JPAs	All Other	8793	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Transfers In From All Others		8799	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, OTHER LOCAL REVENUE</b>			<b>14,384,414.45</b>	<b>4,749,389.84</b>	<b>19,133,804.29</b>	<b>19,665,410.00</b>	<b>1,193,843.00</b>	<b>20,859,253.00</b>	<b>9.0%</b>
<b>TOTAL, REVENUES</b>			<b>251,452,789.88</b>	<b>148,932,563.40</b>	<b>400,385,353.28</b>	<b>256,203,067.00</b>	<b>134,102,061.00</b>	<b>390,305,128.00</b>	<b>-2.5%</b>

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>CERTIFICATED SALARIES</b>									
Teachers' Salaries		1100	110,297,605.78	33,071,464.64	143,369,070.42	104,353,632.00	34,555,742.00	138,909,374.00	-3.1%
Certificated Pupil Support Salaries		1200	3,822,830.05	7,565,612.15	11,388,442.20	3,182,180.00	5,492,151.00	8,674,331.00	-23.8%
Certificated Supervisors' and Administrators' Salaries		1300	14,535,392.92	1,737,824.18	16,273,217.10	14,001,077.00	1,882,382.00	15,883,459.00	-2.4%
Other Certificated Salaries		1900	12,585.76	3,000.00	15,585.76	205,000.00	0.00	205,000.00	1215.3%
<b>TOTAL, CERTIFICATED SALARIES</b>			<b>128,668,414.51</b>	<b>42,377,900.97</b>	<b>171,046,315.48</b>	<b>121,741,889.00</b>	<b>41,930,275.00</b>	<b>163,672,164.00</b>	<b>-4.3%</b>
<b>CLASSIFIED SALARIES</b>									
Instructional Aides' Salaries		2100	117,055.27	11,947,285.29	12,064,340.56	134,992.00	11,290,401.00	11,425,393.00	-5.3%
Classified Support Salaries		2200	10,679,517.33	9,790,012.73	20,469,530.06	10,042,371.00	9,609,509.00	19,651,880.00	-4.0%
Classified Supervisors' and Administrators' Salaries		2300	5,039,987.79	2,549,629.24	7,589,617.03	5,253,938.00	2,355,903.00	7,609,841.00	0.3%
Clerical and Office Salaries		2400	10,907,520.31	4,468,797.70	15,376,318.01	10,217,586.00	5,356,988.00	15,574,574.00	1.3%
Other Classified Salaries		2900	12,863.54	749,199.78	762,063.32	0.00	347,115.00	347,115.00	-54.5%
<b>TOTAL, CLASSIFIED SALARIES</b>			<b>26,756,944.24</b>	<b>29,504,924.74</b>	<b>56,261,868.98</b>	<b>25,648,887.00</b>	<b>28,959,916.00</b>	<b>54,608,803.00</b>	<b>-2.9%</b>
<b>EMPLOYEE BENEFITS</b>									
STRS		3101-3102	10,401,958.23	3,404,035.71	13,805,993.94	9,821,799.00	3,367,513.40	13,189,312.40	-4.5%
PERS		3201-3202	2,609,330.54	2,848,683.79	5,458,014.33	1,988,832.77	3,354,079.39	5,342,912.16	-2.1%
OASDI/Medicare/Alternative		3301-3302	3,677,938.10	2,737,916.52	6,415,854.62	4,960,947.34	2,865,373.89	7,826,321.23	22.0%
Health and Welfare Benefits		3401-3402	24,645,084.67	13,533,135.90	38,178,220.57	24,603,911.98	13,407,193.17	38,011,105.15	-0.4%
Unemployment Insurance		3501-3502	379,716.16	175,596.20	555,312.36	439,801.31	324,150.79	763,952.10	37.6%
Workers' Compensation		3601-3602	7,167,634.14	3,284,160.03	10,451,794.17	6,600,162.56	3,143,591.03	9,743,753.59	-6.8%
Retiree Benefits		3701-3702	170,018.08	11,899.83	181,917.91	968,440.00	16,149.00	984,589.00	441.2%
PERS Reduction		3801-3802	124,627.80	548,773.44	673,401.24	1,098,425.87	211,345.53	1,309,771.40	94.5%
Other Employee Benefits		3901-3902	1,175,959.53	1,313,186.79	2,489,146.32	1,570,153.00	432,197.00	2,002,350.00	-19.6%
<b>TOTAL, EMPLOYEE BENEFITS</b>			<b>50,352,267.25</b>	<b>27,857,388.21</b>	<b>78,209,655.46</b>	<b>52,052,473.83</b>	<b>27,121,593.20</b>	<b>79,174,067.03</b>	<b>1.2%</b>
<b>BOOKS AND SUPPLIES</b>									
Approved Textbooks and Core Curricula Materials		4100	1,478,677.74	2,549,852.21	4,028,529.95	2,802,205.00	1,726,425.00	4,528,630.00	12.4%
Books and Other Reference Materials		4200	51,732.38	2,177,944.86	2,229,677.24	126,062.00	374,883.00	500,945.00	-77.5%
Materials and Supplies		4300	2,425,192.64	10,990,329.57	13,415,522.21	5,696,559.19	29,259,301.26	34,955,860.45	160.6%

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Noncapitalized Equipment		4400	1,064,508.55	4,841,960.52	5,906,469.07	311,367.00	892,753.51	1,204,120.51	-79.6%
Food		4700	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>TOTAL, BOOKS AND SUPPLIES</b>			5,020,111.31	20,560,087.16	25,580,198.47	8,936,193.19	32,253,362.77	41,189,555.96	61.0%
<b>SERVICES, OTHER OPERATING EXPENSES</b>									
Travel and Conferences		5200	72,652.72	796,454.84	869,107.56	83,551.00	412,388.00	495,939.00	-42.9%
Dues and Memberships		5300	23,706.16	124,136.45	147,842.61	25,150.00	44,690.00	69,840.00	-52.8%
Insurance		5400 - 5450	787,808.19	0.00	787,808.19	800,000.00	0.00	800,000.00	1.5%
Operation and Housekeeping Services		5500	6,788,790.73	45,579.97	6,834,370.70	7,442,046.00	100,000.00	7,542,046.00	10.4%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	1,015,852.58	1,566,449.70	2,582,302.28	1,430,943.00	982,675.26	2,413,618.26	-6.5%
Transfers of Direct Costs		5710	(84,205.23)	84,205.23	0.00	(17,200.00)	17,200.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	(236,861.01)	0.00	(236,861.01)	(220,750.00)	0.00	(220,750.00)	-6.8%
Professional/Consulting Services and Operating Expenditures		5800	7,942,998.47	39,052,612.33	46,995,610.80	5,208,379.00	28,515,898.55	33,724,277.55	-28.2%
Communications		5900	2,066,712.07	36,323.61	2,103,035.68	2,385,240.00	105,110.00	2,490,350.00	18.4%
<b>TOTAL, SERVICES AND OTHER OPERATING EXPENSES</b>			18,377,454.68	41,705,762.13	60,083,216.81	17,137,359.00	30,177,961.81	47,315,320.81	-21.3%

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>CAPITAL OUTLAY</b>									
Sites and Improvements of Sites		6100	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Buildings and Improvements of Buildings		6200	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Books and Media for New School Libraries or Major Expansion of School Libraries		6300	0.00	3,845.88	3,845.88	0.00	0.00	0.00	-100.0%
Equipment		6400	269,234.86	677,301.64	946,536.50	4,657.00	0.00	4,657.00	-99.5%
Equipment Replacement		6500	0.00	535.14	535.14	0.00	0.00	0.00	-100.0%
<b>TOTAL CAPITAL OUTLAY</b>			<b>269,234.86</b>	<b>681,682.66</b>	<b>950,917.52</b>	<b>4,657.00</b>	<b>0.00</b>	<b>4,657.00</b>	<b>-99.5%</b>
<b>OTHER OUTGO (excluding Transfers of Indirect/Direct Support Costs)</b>									
Tuition									
Tuition for Instruction Under Interdistrict Attendance Agreements		7110	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
State Special Schools		7130	0.00	158,715.31	158,715.31	0.00	165,000.00	165,000.00	4.0%
Tuition, Excess Costs, and/or Deficits Payments									
Payments to Districts		7141	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Payments to County Offices		7142	0.00	7,204.21	7,204.21	0.00	0.00	0.00	-100.0%
Payments to JPAs		7143	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Pass-Through Revenues									
To Districts		7211	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices		7212	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs		7213	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Special Education SELPA Transfers of Apportionments									
To Districts	6500	7221	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices	6500	7222	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs	6500	7223	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
ROC/P Transfers of Apportionments									
To Districts	6350, 6360	7221	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To County Offices	6350, 6360	7222	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To JPAs	6350, 6360	7223	0.00	1,586,200.00	1,586,200.00	0.00	1,619,706.00	1,619,706.00	2.1%
Other Transfers of Apportionments	All Other	7221-7223	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers to Charter Schools Funding In-Lieu of Property Taxes		7280	6,733,633.00	0.00	6,733,633.00	7,500,000.00	0.00	7,500,000.00	11.4%
All Other Transfers		7281-7283	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

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			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
All Other Transfers Out to All Others		7299	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service		7438	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service - Interest		7439	3,605,462.00	0.00	3,605,462.00	3,217,543.00	0.00	3,217,543.00	-10.8%
Other Debt Service - Principal									
TOTAL, OTHER OUTGO (excluding Transfers of Indirect/Direct Support Costs)			10,339,095.00	1,752,119.52	12,091,214.52	10,717,543.00	1,784,706.00	12,502,249.00	3.4%
<b>TRANSFERS OF INDIRECT/DIRECT SUPPORT COSTS</b>									
Transfers of Indirect Costs		7310	(2,644,855.89)	2,644,855.89	0.00	(3,016,128.00)	3,016,128.00	0.00	0.0%
Transfers of Indirect Costs - Interfund		7350	(820,723.83)	0.00	(820,723.83)	(1,355,408.00)	0.00	(1,355,408.00)	65.1%
Transfers of Direct Support Costs		7370	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Direct Support Costs - Interfund		7380	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
TOTAL, TRANSFERS OF INDIRECT/DIRECT SUPPORT COSTS			(3,465,579.72)	2,644,855.89	(820,723.83)	(4,371,536.00)	3,016,128.00	(1,355,408.00)	65.1%
TOTAL, EXPENDITURES			236,317,942.13	167,084,721.28	403,402,663.41	231,867,466.02	165,243,942.78	397,111,408.80	-1.6%

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
<b>INTERFUND TRANSFERS</b>									
<b>INTERFUND TRANSFERS IN</b>									
From: Special Reserve Fund		8912	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
From: Bond Interest and Redemption Fund		8914	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Authorized Interfund Transfers In		8919	1,028,503.00	1,737,088.30	2,765,591.30	0.00	1,702,492.00	1,702,492.00	-38.4%
(a) TOTAL, INTERFUND TRANSFERS IN			1,028,503.00	1,737,088.30	2,765,591.30	0.00	1,702,492.00	1,702,492.00	-38.4%
<b>INTERFUND TRANSFERS OUT</b>									
To: Child Development Fund		7611	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Special Reserve Fund		7612	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: State School Building Fund/ County School Facilities Fund		7613	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Deferred Maintenance Fund		7615	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
To: Cafeteria Fund		7616	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Authorized Interfund Transfers Out		7619	2,921,532.80	3,695,589.00	6,617,121.80	1,646,765.00	1,759,682.00	3,406,447.00	-48.5%
(b) TOTAL, INTERFUND TRANSFERS OUT			2,921,532.80	3,695,589.00	6,617,121.80	1,646,765.00	1,759,682.00	3,406,447.00	-48.5%
<b>OTHER SOURCES/USES</b>									
<b>SOURCES</b>									
State Apportionments Emergency Apportionment		8931	0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
Proceeds Proceeds from Sale/Lease- Purchase of Land/Buildings		8953	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Other Sources Transfers from Funds of Lapsed/Reorganized Districts		8965	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Long-Term Debt Proceeds Proceeds from Certificates of Participation		8971	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Proceeds from Capital Leases		8972	0.00	0.00	0.00	0.00	0.00	0.00	0.0%

Oakland Unified School District Board Record

Unaudited Actuals  
General Fund  
Unrestricted and Restricted  
Expenditures by Object

Description	Resource Codes	Object Codes	2003/04 Unaudited Actuals			2004/05 Budget			% Diff Column C & F
			Unrestricted (A)	Restricted (B)	Total Fund col. A + B (C)	Unrestricted (D)	Restricted (E)	Total Fund col. D + E (F)	
Proceeds from Lease Revenue Bonds		8973	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Sources		8979	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(c) TOTAL, SOURCES</b>			0.00	0.00	0.00	2,571,351.00	0.00	2,571,351.00	New
<b>USES</b>									
Transfers from Funds of Lapsed/Reorganized Districts		7651	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
All Other Financing Uses		7699	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(d) TOTAL, USES</b>			0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>CONTRIBUTIONS</b>									
Contributions from Unrestricted Revenues		8980	(25,941,237.57)	25,941,237.57	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
Contributions from Restricted Revenues		8990	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Transfers of Restricted Balances		8997	3,991,710.74	(3,991,710.74)	0.00	0.00	0.00	0.00	0.0%
Categorical Flexibility Transfers per Budget Act Section 12.40		8998	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
<b>(e) TOTAL, CONTRIBUTIONS</b>			(21,949,526.83)	21,949,526.83	0.00	(26,767,497.00)	26,767,497.00	0.00	0.0%
<b>TOTAL, OTHER FINANCING SOURCES/USES</b> (a-b+c-d+e)			(23,842,556.63)	19,991,026.13	(3,851,530.50)	(25,842,911.00)	26,710,307.00	867,396.00	-122.5%



Unaudited Actuals  
Special Education Maintenance of Effort  
2003/04 Actual vs. 2002/03 Actual Comparison  
2003/04 Expenditures by LEA (LE-CY)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	562,411.08	477,914.21	4,259,248.60	17,160,171.42		22,718,059.42
2000-2999	Classified Salaries	285,520.24	0.00	0.00	574,931.27	49,562.70	4,416,851.35	4,610,013.77		9,936,879.34
3000-3999	Employee Benefits	213,829.48	0.00	0.00	503,137.92	190,098.70	4,363,735.57	7,665,528.43		12,936,330.10
4000-4999	Books and Supplies	(916.76)	0.00	0.00	2,306.59	14,784.87	0.00	238,238.46		254,413.16
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	11,679.22	0.00	13,030.48	1,206,602.90		8,239,430.58
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,654,466.08	732,360.48	13,052,866.01	30,880,554.98	0.00	54,243,827.91
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68		241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations	2,428,852.25								2,428,852.25
	Total Direct Support and Indirect Costs	2,428,852.25	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68	0.00	2,668,117.04
	<b>TOTAL COSTS</b>	<b>10,350,432.61</b>	<b>0.00</b>	<b>0.00</b>	<b>1,660,179.60</b>	<b>751,518.07</b>	<b>13,052,866.01</b>	<b>31,096,948.66</b>	<b>0.00</b>	<b>56,911,944.95</b>
<b>FEDERAL EXPENDITURES (Funds 01, 09, and 62; resources 3000-5999, except 3330, 3355, 3360, &amp; 3405)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	135,656.09	477,914.21	0.00	3,661,140.24		4,274,710.54
2000-2999	Classified Salaries	0.00	0.00	0.00	6,195.87	49,562.70	0.00	1,137,808.39		1,193,566.96
3000-3999	Employee Benefits	0.00	0.00	0.00	48,480.99	190,098.70	0.00	1,565,023.22		1,803,602.91
4000-4999	Books and Supplies	0.00	0.00	0.00	2,165.05	14,784.87	0.00	112,699.28		129,649.20
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	7,240.00	0.00	0.00	852,767.01		860,007.01
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	0.00	0.00	0.00	199,738.00	732,360.48	0.00	7,329,438.14	0.00	8,261,536.62
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05		232,046.64
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05	0.00	232,046.64
	<b>TOTAL BEFORE OBJECTS 8980 AND 9650</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>205,411.00</b>	<b>751,518.07</b>	<b>0.00</b>	<b>7,536,654.19</b>	<b>0.00</b>	<b>8,493,583.26</b>
8980	Less: Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	<b>TOTAL COSTS</b>									<b>8,493,583.26</b>

Unaudited Actuals  
Special Education Maintenance of Effort  
2003/04 Actual vs. 2002/03 Actual Comparison  
2003/04 Expenditures by LEA (LE-CY)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>STATE AND LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	426,754.99	0.00	4,259,248.60	13,499,031.18		18,443,348.88
2000-2999	Classified Salaries	285,520.24	0.00	0.00	568,735.40	0.00	4,416,851.36	3,472,205.38		8,743,312.38
3000-3999	Employee Benefits	213,829.48	0.00	0.00	454,656.93	0.00	4,363,735.57	6,100,505.21		11,132,727.19
4000-4999	Books and Supplies	(916.76)	0.00	0.00	141.54	0.00	0.00	125,539.18		124,763.96
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	4,439.22	0.00	13,030.48	353,835.89		7,379,423.57
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>Total Direct Costs</b>	<b>7,923,580.36</b>	<b>0.00</b>	<b>0.00</b>	<b>1,454,728.08</b>	<b>0.00</b>	<b>13,052,866.01</b>	<b>23,551,116.84</b>	<b>0.00</b>	<b>45,982,291.29</b>
7310	Transfers of Indirect Costs	0.00	0.00	0.00	40.52	0.00	0.00	9,177.63		9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>PCRA Program Cost Report Allocations</b>	<b>2,426,852.25</b>								<b>2,426,852.25</b>
	<b>Total Direct Support and Indirect Costs</b>	<b>2,426,852.25</b>	<b>0.00</b>	<b>0.00</b>	<b>40.52</b>	<b>0.00</b>	<b>0.00</b>	<b>9,177.63</b>	<b>0.00</b>	<b>2,436,070.40</b>
	<b>TOTAL BEFORE OBJECT 8980 and 9650</b>	<b>10,350,432.61</b>	<b>0.00</b>	<b>0.00</b>	<b>1,454,768.60</b>	<b>0.00</b>	<b>13,052,866.01</b>	<b>23,560,294.47</b>	<b>0.00</b>	<b>48,418,361.69</b>
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Less: Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	<b>TOTAL COSTS</b>									<b>48,418,361.69</b>
<b>LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	16,913.88		16,913.88
2000-2999	Classified Salaries	2,404.88	0.00	0.00	0.00	0.00	0.00	31,904.67		34,309.55
3000-3999	Employee Benefits	1,607.38	0.00	0.00	0.00	0.00	0.00	24,060.50		25,667.88
4000-4999	Books and Supplies	(916.76)	0.00	0.00	0.00	0.00	0.00	7,872.25		6,955.49
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	63,764.21		63,764.21
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	144,515.51	0.00	147,611.01
	<b>Total Direct Costs</b>	<b>3,095.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,049.25</b>	<b>0.00</b>	<b>4,049.25</b>
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,049.25</b>	<b>0.00</b>	<b>4,049.25</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>3,095.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>148,564.76</b>	<b>0.00</b>	<b>151,660.26</b>
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									15,904,669.31
	<b>TOTAL COSTS</b>									<b>16,056,329.57</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

<b>A. Total 2002/03 State and Local Expenditures</b>	
1. State and Local Expenditures	
a. Enter Total Costs amount from the 2002/03 Report SEMOE, Expenditures by LEA (EL-B) worksheet, State and Local Expenditures section, Total column	_____
b. Enter any adjustments submitted to the SELPA with Report SEMOE	_____
c. Total 2002/03 state and local expenditures reported to the SELPA in the 2003/04 Budget vs. 2002/03 Actual Comparison	0.00
2. Enter Program Cost Report Allocations from SACS2003ALL data (Goal 5001, object PCRA, or Form PCR, Schedule AC, goals 5000-5999, Total column)	
3. Enter State Special Schools amounts from SACS2003ALL data, not included in Line 1c (Goals 5000-5999, object 7130)	
4. Enter any direct support and indirect costs from SACS2003ALL data, not included in Line 1c (Funds 01 & 09, resources 0000-2999 & 6000-9999, goals 5000-5999, objects 7300-7399)	
5. Enter contributions from unrestricted revenues to federal resources from SACS2003ALL data, not included in Line 1c (Funds 01 & 09, resources 3310-3405, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999, object 8980)	
6. Enter audit adjustments of 2002/03 special education expenditures from SACS2004ALL data, not included in Line 1c (explain below) (Funds 01 & 09, resources 0000-2999 & 6000-9999, object 9793)	
_____	
_____	
_____	
7. Enter restatements of 2003/04 special education beginning fund balances from SACS2004ALL data, not included in Line 1c (explain below) (Funds 01 & 09, resources 0000-2999 & 6000-9999, object 9795)	
_____	
_____	
_____	
8. Enter any other adjustments, not included in Line 1c (explain below)	
_____	
_____	
_____	
9. 2002/03 State and Local Expenditures, Adjusted for 2003/04 MOE Calculation (Sum lines A1c through A8)	
	0.00
<b>B. Unduplicated Pupil Count</b>	
1. Enter amount reported in 2002/03 Report SEMOE, Expenditures by LEA (EL-B) worksheet	
_____	
2. Enter any adjustments not included in Line B1 (explain below)	
_____	
_____	
_____	
3. 2002/03 Unduplicated Pupil Count, Adjusted for 2003/04 MOE Calculation (Line B1 plus Line B2)	
	0

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>TOTAL EXPENDITURES - All Sources</b>			
1000-1999	Certificated Salaries	22,718,059.42	22,718,059.42
2000-2999	Classified Salaries	9,936,879.34	9,936,879.34
3000-3999	Employee Benefits	12,936,330.10	12,936,330.10
4000-4999	Books and Supplies	254,413.16	254,413.16
5000-5999	Services and Other Operating Expenditures	8,239,430.58	8,239,430.58
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service		0.00
	Total Direct Costs	54,243,827.91	54,243,827.91
7310	Transfers of Indirect Costs	241,264.79	241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations	0.00	0.00
	Total Direct Support and Indirect Costs	241,264.79	241,264.79
	<b>TOTAL COSTS</b>	<b>54,485,092.70</b>	<b>54,485,092.70</b>
<b>EXPENDITURES - Paid from State and Local Sources</b>			
1000-1999	Certificated Salaries	18,443,348.88	18,443,348.88
2000-2999	Classified Salaries	8,743,312.38	8,743,312.38
3000-3999	Employee Benefits	11,132,727.19	11,132,727.19
4000-4999	Books and Supplies	124,763.96	124,763.96
5000-5999	Services and Other Operating Expenditures	7,379,423.57	7,379,423.57
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service		0.00
	Total Direct Costs	45,982,291.29	45,982,291.29
7310	Transfers of Indirect Costs	9,218.15	9,218.15
7350	Transfers of Indirect Costs - Interfund		0.00
7370	Transfers of Direct Support Costs		0.00
7380	Transfers of Direct Support Costs - Interfund		0.00
PCRA	Program Cost Report Allocations		0.00
	Total Direct Support and Indirect Costs	9,218.15	9,218.15
	<b>TOTAL BEFORE OBJECT 8980 and 9650</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>
8980	Contributions from Unrestricted Revenues		0.00
9650	Less: Beginning Balances in Deferred Revenue		0.00
	<b>TOTAL COSTS</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>

SELPA:     (??)    

Object Code	Description	Adjustments*	Total
<b>EXPENDITURES - Paid from Local Sources</b>			
1000-1999	Certificated Salaries	16,913.88	16,913.88
2000-2999	Classified Salaries	34,309.55	34,309.55
3000-3999	Employee Benefits	25,667.88	25,667.88
4000-4999	Books and Supplies	6,955.49	6,955.49
5000-5999	Services and Other Operating Expenditures	63,764.21	63,764.21
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	<b>Total Direct Costs</b>	<b>147,611.01</b>	<b>147,611.01</b>
7310	Transfers of Indirect Costs	4,049.25	4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>4,049.25</b>	<b>4,049.25</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>151,660.26</b>	<b>151,660.26</b>
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	15,904,669.31	15,904,669.31
	<b>TOTAL COSTS</b>	<b>16,056,329.57</b>	<b>16,056,329.57</b>
	<b>UNDULICATED PUPIL COUNT</b>	<b>5,511</b>	<b>5,511</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

Unaudited Actuals  
Special Education Maintenance of Effort  
2003/04 Actual vs. 2002/03 Actual Comparison  
2002/03 Expenditures by SELPA (SE-PY)

SELPA: (??)

(Enter from LEAs' Report SEMA, 2003/04 Actual vs. 2002/03 Actual Comparison, 2002/03 Expenditure by LEA (LE-PY) worksheet)	Adjustments*	TOTAL
<b>A. Total State and Local Expenditures</b>		
1. State and Local Expenditures		
a. Total Costs amount from the 2002/03 Report SEMOE	45,933,118.06	45,933,118.06
b. Adjustments submitted to the SELPA with Report SEMOE		0.00
c. Total state and local expenditures reported to the SELPA in 2003/04	45,933,118.06	45,933,118.06
2. Program Cost Report Allocations		0.00
3. State Special Schools		0.00
4. Direct support and indirect costs not included in Line 1c		0.00
5. Contributions from unrestricted revenues to federal resources not included in Line 1c		0.00
6. Audit adjustments of 2002/03 special education expenditures not included in Line 1c		0.00
7. Restatements of 2003/04 special education beginning fund balances not included in Line 1c		0.00
8. Other adjustments not included in Line 1c		0.00
9. 2002/03 State and Local Expenditures, Adjusted for 2003/04 MOE Calculation (Sum lines A1c through A8)	45,933,118.06	45,933,118.06
<b>B. Unduplicated Pupil Count</b>		
1. Amount reported in 2002/03 Report SEMOE	5,690	5,690
2. Adjustments not included in Line B1		0
3. 2002/03 Unduplicated Pupil Count, Adjusted for 2003/04 MOE Calculation (Line B1 plus Line B2)	5,690	5,690

\* Attach an additional sheet with explanations of any amounts in the Adjustments column

32

SELPA: (??)

**TEST 1**

	Column A	Column B	Column C
	Actual Expenditures FY 2003-04 (SE-CY Worksheet)	Actual Expenditures FY 2002-03 (SE-PY Worksheet)	Difference (A - B)
1. Total special education expenditures	54,485,092.70		
2. Less: Expenditures paid from federal sources	8,493,583.26		
3. Expenditures paid from state and local sources	45,991,509.44	45,933,118.06	58,391.38
4. Special education unduplicated pupil count	5,511	5,690	
5. Per capita state and local expenditures	8,345.40	8,072.60	272.80

If one or both of the differences in Column C are positive (current year expenditures, in total or per capita, are greater than prior year's expenditures), the MOE requirement is met; no further calculation is needed.

If both differences are negative, Test 2 must be completed.

**TEST 2**

Excess of prior year's expenditures over current year's expenditures (Test 1, Column C, Line 3, if Test 1 failed)	0.00
Less: 20% of increase in Part B funding in current year compared with prior year:	
Current year funding	_____
Less: Prior year's funding	_____
Increase in funding (if difference is positive)	0.00
20% of increase in funding	0.00
Excess of prior year's expenditures after the 20% allowance	0.00

If excess is zero or less, MOE is met; no further calculation is needed.

If excess is positive, Test 3 must be completed.

SELPA: (??)

TEST 3

If Test 2 still shows failure to meet the MOE requirement, the SELPA can determine if the reduction in current year expenditures, as determined from Tests 1 and 2, was due to any of the following events. Amounts associated with these will be offset against the reduction to determine if the reduction is exempt, in full or in part, due to these causes:

1. Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.
2. A decrease in the enrollment of children with disabilities.
3. The termination of the obligation of the agency to provide a program of special education to a particular child with disability that is an exceptionally costly program, as determined by the SEA, because the child:
  - a. Has left the jurisdiction of the agency;
  - b. Has reached the age at which the obligation of the agency to provide free public education (FAPE); or
  - c. No longer needs the program of special education.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

List exempt reductions, if any, to be used in the calculation below:

_____	_____
_____	_____
_____	_____
_____	_____
Total exempt reductions	<u>0.00</u>

Calculation:

Excess of prior year's expenditures after 20% of increase in funding (per Test 2, if Test 2 failed)	<u>0.00</u>
Less: Exempt reductions	<u>0.00</u>
Net reduction of current year expenditures compared with prior year's expenditures (if zero or less, MOE test is met)	<u>0.00</u>



Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2004/05 Budget by LEA (LB-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	245,424.00	0.00	0.00	571,699.00	407,156.00	4,860,693.00	17,060,621.00		23,145,593.00
2000-2999	Classified Salaries	450,270.00	0.00	0.00	372,093.00	30,645.00	5,077,123.00	4,921,623.00		10,851,754.00
3000-3999	Employee Benefits	259,147.00	0.00	0.00	348,479.00	142,336.00	4,642,615.00	7,069,948.00		12,462,525.00
4000-4999	Books and Supplies	112,680.00	0.00	0.00	17,688.00	74,892.00	10,000.00	1,502,984.00		1,718,244.00
5000-5999	Services and Other Operating Expenditures	4,741,272.00	0.00	0.00	19,600.00	0.00	2,500.00	2,091,573.00		6,854,945.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	165,000.00	0.00	0.00	0.00	0.00	0.00	0.00		165,000.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	5,973,793.00	0.00	0.00	1,329,559.00	655,029.00	14,592,931.00	32,646,749.00	0.00	55,198,061.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	6,902.00	22,599.00	0.00	282,112.00		311,613.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	6,902.00	22,599.00	0.00	282,112.00	0.00	311,613.00
	TOTAL COSTS	5,973,793.00	0.00	0.00	1,336,461.00	677,628.00	14,592,931.00	32,928,861.00	0.00	55,509,674.00
<b>STATE AND LOCAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	245,424.00	0.00	0.00	437,807.00	0.00	4,860,693.00	14,653,449.00		20,197,373.00
2000-2999	Classified Salaries	450,270.00	0.00	0.00	365,882.00	0.00	5,077,123.00	3,666,331.00		9,559,606.00
3000-3999	Employee Benefits	259,147.00	0.00	0.00	317,286.00	0.00	4,642,615.00	5,917,315.00		11,136,365.00
4000-4999	Books and Supplies	112,680.00	0.00	0.00	8,021.00	0.00	10,000.00	493,226.00		623,927.00
5000-5999	Services and Other Operating Expenditures	4,741,272.00	0.00	0.00	2,000.00	0.00	2,500.00	631,773.00		5,377,545.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	165,000.00	0.00	0.00	0.00	0.00	0.00	0.00		165,000.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	5,973,793.00	0.00	0.00	1,130,998.00	0.00	14,592,931.00	25,362,094.00	0.00	47,059,816.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	52.00	0.00	0.00	30,792.00		30,844.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	52.00	0.00	0.00	30,792.00	0.00	30,844.00
	TOTAL BEFORE OBJECT 8980	5,973,793.00	0.00	0.00	1,131,050.00	0.00	14,592,931.00	25,392,886.00	0.00	47,090,660.00
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
	TOTAL COSTS									47,090,660.00

Oakland Unified School District Board Record

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2004/05 Budget by LEA (LB-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5080)	Special Education, Infants (Goal 5110)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>LOCAL BUDGET (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00		2,000.00
2000-2999	Classified Salaries	95,527.00	0.00	0.00	0.00	0.00	0.00	135,356.00		230,883.00
3000-3999	Employee Benefits	42,627.00	0.00	0.00	0.00	0.00	0.00	18,414.00		61,041.00
4000-4999	Books and Supplies	0.00	0.00	0.00	0.00	0.00	0.00	294,086.00		294,086.00
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	111,079.00		111,079.00
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	138,154.00	0.00	0.00	0.00	0.00	0.00	560,935.00	0.00	699,089.00
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	19,352.00		19,352.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	19,352.00	0.00	19,352.00
	TOTAL BEFORE OBJECT 8980	138,154.00	0.00	0.00	0.00	0.00	0.00	580,287.00	0.00	718,441.00
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									22,060,546.00
	<b>TOTAL COSTS</b>									<b>22,778,987.00</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5710)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>UNDUPLICATED PUPIL COUNT</b>										
<b>TOTAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	562,411.08	477,914.21	4,259,248.60	17,160,171.42		22,716,059.42
2000-2999	Classified Salaries	285,520.24	0.00	0.00	574,931.27	49,562.70	4,416,851.36	4,610,013.77		9,936,879.34
3000-3999	Employee Benefits	213,829.48	0.00	0.00	503,137.92	190,098.70	4,363,735.57	7,665,528.43		12,936,330.10
4000-4999	Books and Supplies	(916.76)	0.00	0.00	2,306.59	14,784.87	0.00	238,238.46		254,413.16
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	11,679.22	0.00	13,030.48	1,206,602.90		8,239,430.58
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,654,466.08	732,360.48	13,052,866.01	30,880,554.98	0.00	54,243,827.91
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68		241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations (non-add)									
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,713.52	19,157.59	0.00	216,393.68	0.00	241,264.79
	TOTAL COSTS	7,923,580.36	0.00	0.00	1,660,179.60	751,518.07	13,052,866.01	31,096,948.66	0.00	54,485,092.70
<b>FEDERAL EXPENDITURES (Funds 01, 09, and 62; resources 3000-5999, except 3330, 3355, 3360, &amp; 3405)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	135,656.09	477,914.21	0.00	3,661,140.24		4,274,710.54
2000-2999	Classified Salaries	0.00	0.00	0.00	6,195.87	49,562.70	0.00	1,137,808.39		1,193,566.96
3000-3999	Employee Benefits	0.00	0.00	0.00	48,480.99	190,098.70	0.00	1,565,023.22		1,803,602.91
4000-4999	Books and Supplies	0.00	0.00	0.00	2,165.05	14,784.87	0.00	112,699.28		129,649.20
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	7,240.00	0.00	0.00	852,767.01		860,007.01
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	0.00	0.00	0.00	199,738.00	732,360.48	0.00	7,329,438.14	0.00	8,261,536.62
7310	Transfers of Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05		232,046.64
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	5,673.00	19,157.59	0.00	207,216.05	0.00	232,046.64
	TOTAL BEFORE OBJECTS 8980 AND 9650	0.00	0.00	0.00	205,411.00	751,518.07	0.00	7,536,654.19	0.00	8,493,583.26
8980	Less: Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Beginning Balances in Deferred Revenue (Resources 3330, 3335, 3360, & 3405)									0.00
	TOTAL COSTS									8,493,583.26

Oakland Unified School District Board Record

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by LEA (LE-B)

Object Code	Description	Special Education, Unspecified (Goal 5001)	Regionalized Services (Goal 5050)	Regionalized Program Specialist (Goal 5060)	Special Education, Infants (Goal 5719)	Special Education, Preschool Students (Goal 5730)	Spec. Education, Ages 5-22 Severely Disabled (Goal 5750)	Spec. Education, Ages 5-22 Nonseverely Disabled (Goal 5770)	Adjustments*	Total
<b>STATE AND LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-2999, 3330, 3355, 3360, 3405, &amp; 6000-9999)</b>										
1000-1999	Certificated Salaries	258,314.11	0.00	0.00	426,754.99	0.00	4,259,248.60	13,499,031.18		18,443,348.88
2000-2999	Classified Salaries	285,520.24	0.00	0.00	568,735.40	0.00	4,416,851.36	3,472,205.38		8,743,312.38
3000-3999	Employee Benefits	213,829.48	0.00	0.00	454,856.93	0.00	4,363,795.57	6,100,505.21		11,132,727.19
4000-4999	Books and Supplies	(916.78)	0.00	0.00	141.54	0.00	0.00	125,539.18		124,763.96
5000-5999	Services and Other Operating Expenditures	7,008,117.98	0.00	0.00	4,439.22	0.00	13,030.48	353,835.89		7,379,423.57
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	158,715.31	0.00	0.00	0.00	0.00	0.00	0.00		158,715.31
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	7,923,580.36	0.00	0.00	1,454,728.08	0.00	13,052,866.01	23,551,116.84	0.00	45,982,291.29
7310	Transfers of Indirect Costs	0.00	0.00	0.00	40.52	0.00	0.00	9,177.63		9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
PCRA	Program Cost Report Allocations (non-add)	2,426,852.25	0.00	0.00	40.52	0.00	0.00	9,177.63	0.00	9,218.15
	Total Direct Support and Indirect Costs	2,426,852.25	0.00	0.00	40.52	0.00	0.00	9,177.63	0.00	9,218.15
	TOTAL BEFORE 8980 AND 9650	10,350,432.61	0.00	0.00	1,454,768.60	0.00	13,052,866.01	23,560,294.47	0.00	45,991,509.44
8980	Contributions from Unrestricted Revenues (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
9650	Less: Beginning Balances in Deferred Revenue (Resources 3330, 3355, 3360, & 3405)									0.00
	TOTAL COSTS									45,991,509.44
<b>LOCAL EXPENDITURES (Funds 01, 09, &amp; 62; resources 0000-1999 &amp; 8000-9999)</b>										
1000-1999	Certificated Salaries	0.00	0.00	0.00	0.00	0.00	0.00	16,913.88		16,913.88
2000-2999	Classified Salaries	2,404.88	0.00	0.00	0.00	0.00	0.00	31,904.67		34,309.55
3000-3999	Employee Benefits	1,607.38	0.00	0.00	0.00	0.00	0.00	24,060.50		25,667.88
4000-4999	Books and Supplies	(916.78)	0.00	0.00	0.00	0.00	0.00	7,872.25		6,955.49
5000-5999	Services and Other Operating Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	63,764.21		63,764.21
6000-6999	Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7130	State Special Schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7430-7439	Debt Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Costs	3,095.50	0.00	0.00	0.00	0.00	0.00	144,515.51	0.00	147,611.01
7310	Transfers of Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	4,049.25		4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7370	Transfers of Direct Support Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Total Direct Support and Indirect Costs	0.00	0.00	0.00	0.00	0.00	0.00	4,049.25	0.00	4,049.25
	TOTAL BEFORE OBJECT 8980	3,095.50	0.00	0.00	0.00	0.00	0.00	148,564.76	0.00	151,660.26
8980	Contributions from Unrestricted Revenues, Federal Resources (Resources 3310-3400, except 3330, 3355, & 3360, all goals; resources 3000-3172 & 3410-5810, goals 5000-5999)									0.00
8980	Contributions from Unrestricted Revenues, State Resources (Resources 3330, 3355, 3360, 3405, 6500, 6510, & 7240, all goals; resources 2000-2999 & 6010-7810, except 6500, 6510, & 7240, goals 5000-5999)									15,904,669.31
	TOTAL COSTS									16,056,329.57

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>TOTAL BUDGET - All Sources</b>			
1000-1999	Certificated Salaries	23,145,593.00	23,145,593.00
2000-2999	Classified Salaries	10,851,754.00	10,851,754.00
3000-3999	Employee Benefits	12,462,525.00	12,462,525.00
4000-4999	Books and Supplies	1,718,244.00	1,718,244.00
5000-5999	Services and Other Operating Expenditures	6,854,945.00	6,854,945.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	165,000.00	165,000.00
7430-7439	Debt Service		0.00
	Total Direct Costs	55,198,061.00	55,198,061.00
7310	Transfers of Indirect Costs	311,613.00	311,613.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	311,613.00	311,613.00
	<b>TOTAL COSTS</b>	<b>55,509,674.00</b>	<b>55,509,674.00</b>
<b>BUDGET - State and Local Sources</b>			
1000-1999	Certificated Salaries	20,197,373.00	20,197,373.00
2000-2999	Classified Salaries	9,559,606.00	9,559,606.00
3000-3999	Employee Benefits	11,136,365.00	11,136,365.00
4000-4999	Books and Supplies	623,927.00	623,927.00
5000-5999	Services and Other Operating Expenditures	5,377,545.00	5,377,545.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	165,000.00	165,000.00
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	47,059,816.00	47,059,816.00
7310	Transfers of Indirect Costs	30,844.00	30,844.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	30,844.00	30,844.00
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>47,090,660.00</b>	<b>47,090,660.00</b>
8980	Contributions from Unrestricted Revenues	0.00	0.00
	<b>TOTAL COSTS</b>	<b>47,090,660.00</b>	<b>47,090,660.00</b>

Oakland Unified School District Board Record

SELPA: (??)

Object Code	Description	Adjustments*	Total
<b>BUDGET - Local Sources</b>			
1000-1999	Certificated Salaries	2,000.00	2,000.00
2000-2999	Classified Salaries	230,883.00	230,883.00
3000-3999	Employee Benefits	61,041.00	61,041.00
4000-4999	Books and Supplies	294,086.00	294,086.00
5000-5999	Services and Other Operating Expenditures	111,079.00	111,079.00
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	<b>Total Direct Costs</b>	<b>699,089.00</b>	<b>699,089.00</b>
7310	Transfers of Indirect Costs	19,352.00	19,352.00
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	<b>Total Direct Support and Indirect Costs</b>	<b>19,352.00</b>	<b>19,352.00</b>
	<b>TOTAL BEFORE OBJECT 8980</b>	<b>718,441.00</b>	<b>718,441.00</b>
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	22,060,546.00	22,060,546.00
	<b>TOTAL COSTS</b>	<b>22,778,987.00</b>	<b>22,778,987.00</b>
<b>UNDUPLICATED PUPIL COUNT</b>		<b>5,511</b>	<b>5,511</b>

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.

40

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by SELPA (SE-B)

SELPA:     (??)    

Object Code	Description	Adjustments*	Total
<b>TOTAL EXPENDITURES - All Sources</b>			
1000-1999	Certificated Salaries	22,718,059.42	22,718,059.42
2000-2999	Classified Salaries	9,936,879.34	9,936,879.34
3000-3999	Employee Benefits	12,936,330.10	12,936,330.10
4000-4999	Books and Supplies	254,413.16	254,413.16
5000-5999	Services and Other Operating Expenditures	8,239,430.58	8,239,430.58
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	54,243,827.91	54,243,827.91
7310	Transfers of Indirect Costs	241,264.79	241,264.79
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations (non-add)		
	Total Direct Support and Indirect Costs	241,264.79	241,264.79
	<b>TOTAL COSTS</b>	<b>54,485,092.70</b>	<b>54,485,092.70</b>
<b>EXPENDITURES - Paid from State and Local Sources</b>			
1000-1999	Certificated Salaries	18,443,348.88	18,443,348.88
2000-2999	Classified Salaries	8,743,312.38	8,743,312.38
3000-3999	Employee Benefits	11,132,727.19	11,132,727.19
4000-4999	Books and Supplies	124,763.96	124,763.96
5000-5999	Services and Other Operating Expenditures	7,379,423.57	7,379,423.57
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	158,715.31	158,715.31
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	45,982,291.29	45,982,291.29
7310	Transfers of Indirect Costs	9,218.15	9,218.15
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
PCRA	Program Cost Report Allocations (non-add)		
	Total Direct Support and Indirect Costs	9,218.15	9,218.15
	<b>TOTAL BEFORE OBJECTS 8980 AND 9650</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>
8980	Contributions from Unrestricted Revenues	0.00	0.00
9650	Less: Beginning Balances in Deferred Revenue	0.00	0.00
	<b>TOTAL COSTS</b>	<b>45,991,509.44</b>	<b>45,991,509.44</b>

Oakland Unified School District Board Record

Unaudited Actuals  
Special Education Maintenance of Effort  
2004/05 Budget vs. 2003/04 Actual Comparison  
2003/04 Expenditures by SELPA (SE-B)

SELPA:     (??)    

Object Code	Description	Adjustments*	Total
<b>EXPENDITURES - Paid from Local Sources</b>			
1000-1999	Certificated Salaries	16,913.88	16,913.88
2000-2999	Classified Salaries	34,309.55	34,309.55
3000-3999	Employee Benefits	25,667.88	25,667.88
4000-4999	Books and Supplies	6,955.49	6,955.49
5000-5999	Services and Other Operating Expenditures	63,764.21	63,764.21
6000-6999	Capital Outlay	0.00	0.00
7130	State Special Schools	0.00	0.00
7430-7439	Debt Service	0.00	0.00
	Total Direct Costs	147,611.01	147,611.01
7310	Transfers of Indirect Costs	4,049.25	4,049.25
7350	Transfers of Indirect Costs - Interfund	0.00	0.00
7370	Transfers of Direct Support Costs	0.00	0.00
7380	Transfers of Direct Support Costs - Interfund	0.00	0.00
	Total Direct Support and Indirect Costs	4,049.25	4,049.25
	TOTAL BEFORE OBJECT 8980	151,660.26	151,660.26
8980	Contributions from Unrestricted Revenues, Federal Resources	0.00	0.00
8980	Contributions from Unrestricted Revenues, State Resources	15,904,669.31	15,904,669.31
	TOTAL COSTS	16,056,329.57	16,056,329.57
<b>UNDUPLICATED PUPIL COUNT</b>		5,511	5,511

\* Attach an additional sheet with explanations of any amounts in the Adjustments column.



SELPA: (??)

**TEST 1**

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	<u>Budgeted Amounts FY 2004-05 (SB-B Worksheet)</u>	<u>Actual Expenditures FY 2003-04 (SE-B Worksheet)</u>	<u>Difference (A - B)</u>
1. Total special education expenditures	55,509,674.00	54,485,092.70	
2. Less: Expenditures paid from federal sources	8,419,014.00	8,493,583.26	
3. Expenditures paid from state and local sources	47,090,660.00	45,991,509.44	1,099,150.56
4. Less: Expenditures paid from state sources	24,311,673.00	29,935,179.87	
5. Expenditures paid from local sources	22,778,987.00	16,056,329.57	6,722,657.43
6. Special education unduplicated pupil count	5,511	5,511	
7. Per capita state and local expenditures	8,544.85	8,345.40	199.45
8. Per capita local expenditures	4,133.37	2,913.51	1,219.86

If any of the differences in Column C are positive (current year budget is greater than prior year's expenditures), the MOE requirement is met; no further calculation is needed.

If all differences are negative, Test 2 must be completed.

**TEST 2**

	<u>State and Local</u>	<u>Local Only</u>
Excess of prior year's expenditures over budgeted expenditures (Test 1, Column C, Lines 3 and 5, respectively, if Test 1 failed)	0.00	0.00
Less: 20% of increase in Part B funding in current year compared with prior year:		
Current year funding		
Less: Prior year's funding		
Increase in funding (if difference is positive)	0.00	
20% of increase in funding	0.00	0.00
Excess of prior year's expenditures after the 20% allowance	0.00	0.00

If excess is zero or less in either column, MOE is met; no further calculation is needed.

If excess is positive in both columns, Test 3 must be completed.

SELPA: (??)

**TEST 3**

If Test 2 still shows failure to meet the MOE requirement, the SELPA can determine if the reduction in budgeted expenditures, as determined from Tests 1 and 2, was due to any of the following events. Amounts associated with these will be offset against the budget reduction (either on combined state and local expenditures, or on local expenditures only) to determine if the reduction is exempt, in full or in part, due to these causes:

1. Voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel, who are replaced by qualified, lower-salaried staff.
2. A decrease in the enrollment of children with disabilities.
3. The termination of the obligation of the agency to provide a program of special education to a particular child with disability that is an exceptionally costly program, as determined by the SEA, because the child:
  - a. Has left the jurisdiction of the agency;
  - b. Has reached the age at which the obligation of the agency to provide free public education (FAPE); or
  - c. No longer needs the program of special education.
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.

List exempt reductions, if any, to be used in the calculation below:	<u>State and Local</u>	<u>Local Only</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total exempt reductions</b>	<u>0.00</u>	<u>0.00</u>
 Calculation:		
Excess of prior year's expenditures after 20% of increase in funding (per Test 2, if Test 2 failed)	<u>0.00</u>	<u>0.00</u>
Less: Exempt reductions	<u>0.00</u>	<u>0.00</u>
<b>Net reduction of budgeted expenditures compared with prior year's expenditures (If zero or less in either column, MOE test is met)</b>	<u>0.00</u>	<u>0.00</u>

44

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Unaudited Actuals  
2003/04 Unaudited Actuals  
Technical Review Checks

Oakland Unified

Alameda County

Following is a chart of the various types of technical review checks and related requirements:

- F - Fatal (must be corrected; cannot be explained)
- W/WC - Warning/Warning with Calculation (If data is not correct, correct the data before submitting it; if data is correct an explanation is required)
- O - Informational (If data is not correct, correct the data before submitting it; if data is correct an explanation is optional, but encouraged)

**IMPORT CHECKS**

- CHECKFUND - (F) - All FUND codes must be valid. PASSED
- CHECKRESOURCE - (W) - All RESOURCE codes must be valid. PASSED
- CHECKGOAL - (F) - All GOAL codes must be valid. PASSED
- CHECKFUNCTION - (F) - All FUNCTION codes must be valid. PASSED
- CHECKOBJECT - (F) - All OBJECT codes must be valid. PASSED
- CHK-FUNDxOBJECT - (F) - All Account code combinations should be valid.  
Combination Validation Check for FUND and OBJECT PASSED
- CHK-FUNDxRESOURCE - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND and RESOURCE PASSED
- CHK-FUNDxGOAL - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND and GOAL PASSED
- CHK-FUNDxFUNCTION-A - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND (Funds 01 through 12, 19, 57, 62 and 73) and FUNCTION PASSED
- CHK-FUNDxFUNCTION-B - (W) - All Account code combinations should be valid.  
Combination Validation Check for FUND (all funds except for 01 through 12, 19, 57, 62 and 73) and FUNCTION PASSED
- CHK-RESOURCExOBJECTA - (W) - The following combinations for RESOURCE and OBJECT (Objects 8000 through 9999, except for 8998, 9650, and 9711 through 9790) are invalid. Data should be corrected or narrative must be provided explaining why the exception(s) should be considered appropriate. EXCEPTION

ACCOUNT					RESOURCE	OBJECT	VALUE
FD	RS	PY	GO	FN	OB		
01	7100	0	0000	0000	9791	7100	-101,612.21
Explanation: See explanation on 9795.							
01	7100	0	0000	0000	9795	7100	101,612.21
Explanation: The auditors made this entry to correct the negative balance.							

45

CHK-RESOURCExOBJECTE - (W) - All Account code combinations should be valid.  
Combination Validation Check for RESOURCE and OBJECT (Objects 8998, 9650, and  
9711 through 9790) PASSED

CHK-FUNCTIONxOBJECT - (F) - All Account code combinations should be valid.  
Combination Validation Check for FUNCTION and OBJECT PASSED

CHK-GOALxFUNCTION - (F) - All Account code combinations should be valid.  
Combination Validation Check for GOAL and FUNCTION PASSED

BALANCE-FDxRS - (F) - Adjusted Beginning Fund Balance plus Revenues minus  
Expenditures and Assets plus Liabilities, must total Zero by Fund and Resource  
except for Agency Funds 76 and 95. PASSED

PY-EFB=CY-BFB - (F) - Prior year ending fund balance must equal current year  
beginning fund balance (9791). PASSED

CH-PY-EFB=CY-BFB - (O) - Prior year ending fund balance must equal current year  
beginning fund balance for the Charter Schools Special Revenue Fund (Fund 09).  
PASSED

BALANCE-FDxRS-AGENCY - (F) - Assets minus Liabilities must total zero by fund  
and resource for Agency Funds 76 and 95. PASSED

### GENERAL LEDGER CHECKS

INTERFD-DIR-COST - (F) - Transfers of Direct Costs - Interfund (5750) must net  
to -0- for all funds. PASSED

INTERFD-INDIRECT - (F) - Transfers of Indirect Costs - Interfund (7350) must  
net to -0- for all funds. PASSED

INTERFD-DIR-SUPP - (F) - Transfers of Direct Support Costs - Interfund (7380)  
must net to -0- for all funds. PASSED

INTERFD-INDIRECT-FN - (F) - Transfers of Indirect Costs - Interfund (7350) must  
net to -0- by function. PASSED

INTERFD-DIR-SUPP-FN - (F) - Transfers of Direct Support Costs - Interfund  
(7380) must net to -0- by function. PASSED

INTERFD-IN-OUT - (F) - Interfund Transfers In (8910-8929) must equal Interfund  
Transfers Out (7610-7629). PASSED

DUE-FROM-DUE-TO - (F) - Due From Other Funds (9310) must equal Due To Other  
Funds (9610). PASSED

PERS-REDUCTION - (F) - PERS Reduction Transfer (8092) in the General Fund must  
equal PERS Reduction, certificated and classified positions (3801-3802) in all  
funds. PASSED

RL-TRANSFER - (F) - Revenue Limit Transfers (8091 and 8099) must net to -0-  
individually. PASSED

INTRA-FD-DIR-COST - (F) - Transfers of Direct Costs (5710) must net to -0- by  
fund. PASSED

INTRA-FD-INDIRECT - (F) - Transfers of Indirect Costs (7310) must net to -0- by fund. PASSED

INTRA-FD-DIR-SUPP - (F) - Transfers of Direct Support Costs (7370) must net to -0- by fund. PASSED

INTRA-FD-INDIRECT-FN - (F) - Transfers of Indirect Costs (7310) must net to -0- by function. PASSED

INTRA-FD-DIR-SUPP-FN - (F) - Transfers of Direct Support Costs (7370) must net to -0- by function. PASSED

CONTRIB-UNREST-REV - (F) - Contributions from Unrestricted Revenues (Object 8980) must net to -0- by fund. PASSED

CONTRIB-RESTR-REV - (F) - Contributions from Restricted Revenues (Object 8990) must net to -0- by fund. PASSED

RESTR-BAL-TRANSFER - (F) - Transfers of Restricted Balances (8997) must net to -0- by fund. PASSED

CAT-TRANSFER - (F) - Categorical Flexibility Transfers (8998) must net to -0- in all funds individually. PASSED

LOTTERY-CONTRIB - (F) - There should be no contributions (objects 8980-8999) to the State Lottery (resources 1100 and 6300) or from the Lottery: Instructional Materials (Resource 6300). PASSED

PASS-THRU-REV-EXP - (W) - Pass-through revenues from all sources (Objects 8287, 8587, and 8697) should equal transfers of pass-through revenues to other agencies (Objects 7211 through 7213, plus 7299 for Resources 3327 and 3328), by resource. PASSED

CEFB=FD-EQUITY - (F) - Components of Ending Fund Balance must agree with Fund Equity (Assets minus Liabilities). PASSED

UNDESIGNATED-POS - (F) - If there are amounts reported in Legally Restricted Balance, DEU, or Designated for Other (9740-9780), Undesignated (9790) must be positive or -0- by resource. PASSED

EFB-NEGATIVE - (W) - Ending balance is negative for the following resources. Please explain the cause of the negative balance(s) and your plan(s) to resolve the situation(s). EXCEPTION

FUND	RESOURCE	NEG. EFB
01	0000	-4,957,150.20
Total of negative resource balances for Fund 01		-4,957,150.20

Explanation: Negative Ending Fund Balance will be made up in 04/05 with Draw Down From State Loan

OBJ-POSITIVE - (W) - The following objects have a negative balance by resource, by fund. EXCEPTION

FUND	RESOURCE	OBJECT	VALUE
01	0000	9790	-5,305,873.03

Explanation: The negative balance will be made up in 04/05 with draw down from

47

state loan.

09 0000 8660 -8,708.83  
 Explanation:Fund earned negative interest.

13 0000 8660 -27,659.51  
 Explanation:Fund earned negative interest.

40 0000 8660 -3,175.84  
 Explanation:Fund earned negative interest.

53 0000 8621 -324.74  
 Explanation:County posted debit to parcel tax revenue account.

53 0000 9200 -28,887.35  
 Explanation:Posting errors made in clearing accounts receivable.

56 0000 8660 -12,087.57  
 Explanation:Fund earned negative interest.

56 0000 9200 -987.98  
 Explanation:Posting errors in clearing accounts receivable.

REV-POSITIVE - (W) - Revenue amounts should be positive by resource, by fund. PASSED

EXP-POSITIVE - (W) - The following expenditure functions have a negative balance by resource, by fund. EXCEPTION

FUND	RESOURCE	FUNCTION	VALUE
01	9010	7100	-42,542.00

Explanation:This is an indirect cost for the Grants Coordinator.

CEFB-POSITIVE - (F) - Components of Ending Fund Balance (Objects 9700-9789) must be positive individually by resource, by fund. PASSED

**SUPPLEMENTAL CHECKS**

BDGT-ADOPTION-PRVDED - (F) - In compliance with E.C. 42127(i), selection of Budget Adoption cycle must be provided. Check for "single" or "dual". PASSED

CORR-ADA - (F) - If Adults in Correctional Facilities ADA is reported in Form A, Line 17, general ledger data for Adults in Correctional Facilities (Resource 6015, Goal 4620) must be provided and Form CORR (Education of Adults in County Correctional Facilities) must be completed. PASSED

CORR-NO-ADA - (W) - If Adults in Correctional Facilities ADA is not reported in Form A, Line 17, general ledger data for Adults in Correctional Facilities (Resource 6015, Goal 4620) should not be reported. PASSED

DAY-ADA - (F) - If Community Day Schools ADA is reported in Form A, Line 1.g. or 4.e., general ledger data for Community Day Schools (Resource 2430, Goal 3550) and Form DAY (Community Day Schools) must be provided. PASSED

DAY-NO-ADA - (W) - If Community Day Schools ADA is not reported in Form A, Line

i.g. or 4.e., general ledger data for Community Day Schools (Resource 2430, Goal 3550) should not be reported. PASSED

FUND51-IMPORT - (W) - If Fund 51 (Bond Interest and Redemption Fund) amounts are imported/keyed, the Analysis of Bonded Indebtedness supplemental data (Form 51A) must be provided. PASSED

LTD-IMPORT - (F) - If Long-Term Debt amounts are imported/keyed, the Long-Term Debt supplemental data must be provided. PASSED

LOT-CONTRIB-IMPORT - (F) - If State Lottery dollars (Resource 1100) are contributed to other resources (Object 8980), the supplemental data (Form L) for contributions to other resources must be provided. PASSED

ROP-IMPORT - (F) - If Regional Occupational Center/Program (ROP) amounts are imported, the ROP Fund Balance/Reserves supplemental data must be provided. PASSED

TRAN-IMPORT - (W) - If Transportation: Home to School or Special Education (Severely Handicapped/Orthopedically Handicapped) amounts are imported/keyed, the Pupil Transportation supplemental data must be provided. PASSED

RL-CALC - (WC) - Revenue Limit Sources (Objects 8010-8089) minus Charter Schools General Purpose Entitlement - State Aid (Object 8015) minus State Aid - Prior Years (Object 8019) should agree with Property Taxes (ID 0117), plus Miscellaneous Taxes (ID 0078), plus Community Redevelopment Funds (ID 0079), plus Total State Aid Portion of Revenue Limit (line 40) on the RL. PASSED

RL-STATE-AID - (WC) - RL State Aid-Current Year (8011) should agree with Total State Aid Portion of Revenue Limit calculated on the RL (Line 40). PASSED

RL-LOCAL-REVENUES - (WC) - The sum of RL Local Revenues (8020-8089) should agree with the sum of Local Revenues (ID 0117, 0078 and 0079). PASSED

ADA-RL-COMPARISON - (F) - On the A, Total Revenue Limit - K-12 ADA (Line 10) minus ADA from Necessary Small Schools (Line 11) plus ADA for Block Grant Funded Charters Sponsored by a Unified District, pupils residing in the Unified District (Line 24a), plus ADA for Revenue Limit Funded Charters (Line 25) should agree with the ADA reported on the RL, Line 5b. PASSED

RL-PERS-REDUCTION - (WC) - The PERS Reduction Transfer (8092) should equal PERS Reduction (ID 0195) minus PERS Safety Adjustment (ID 0205) in the RL (unless Line 31 is zero). PASSED

CURRENT-CALC-EXP - (W) - If the district is not exempt from E.C. section 41372, the Percent of Current Costs of Education Expended for Classroom Compensation must equal or exceed 60% for elementary, 55% for unified, and 50% for high school districts under E.C. section 41372. PASSED

IC-DP-OVERDISTRIBUTE - (F) - If a value exists in Part II, Item C of form ICR, it must not exceed the total Data Processing Services in Undistributed goals 0000 and 9000. PASSED

IC-CU-CENTRAL-ADMIN - (W) - Percentage of total classroom units attributable to Other General Administration, Data Processing Services, and Plant Maintenance & Operations should not be zero or exceed 25%. PASSED

IC-PCT - (W) - The percentage of indirect costs before the carry forward

adjustment (ICR Part III, Item C) is between 2% and 9%. PASSED

IC-NEGATIVE - (W) - The indirect cost rate after the carry forward adjustment (ICR Part III, Item D) should not be negative. PASSED

IC-ADMIN-NOT-ZERO - (F) - Other General Administration (Part III, ITEM A1) in form ICR should not be zero. PASSED

IC-BD-SUPT-NOT-ZERO - (W) - Board and Superintendent (Part III, ITEM B6) in form ICR should not be zero. PASSED

IC-BD-SUPT-VS-ADMIN - (W) - The Ratio of Board and Superintendent Costs to Other General Administration Costs should not be less than 5%. PASSED

TRAN-PUPIL-DATA - (W) - In Form TRAN, if pupils transported or miles data have been reported in Schedule I, Line B.1. or Line C, then costs should be reported in Schedule III, Line K. PASSED

PCRAF-UNDISTRIBUTED - (F) - Allocation factors must be entered in Form PCRAF for support functions with costs in undistributed goals (0000 and 9000). PASSED

PCR-ALLOC-NO-DIRECT - (W) - Costs should normally only be allocated to goals that have direct costs. PASSED

PCR-GF-EXPENDITURES - (F) - Total general fund expenditures in Form PCR should agree with total general fund expenditures in Fund 01 (Objects 1000-7999). PASSED

ASSET-ACCUM-DEPR-NEG - (W) - In Form ASSET, accumulated depreciation for governmental and business-type activities should be zero or negative. PASSED

ASSET-PY-BAL - (F) - If capital asset ending balances were included in the prior year unaudited actuals, the Schedule of Capital Assets (Form ASSET) must be provided. PASSED

LTD-ACTIVITY - (W) - If long-term debt exists, there should be activity entered in the Schedule of Long-Term Liabilities (Form DEBT), for each type of debt. PASSED

DEBT-POSITIVE - (W) - In Form DEBT, long-term liability ending balances should be positive. PASSED

DEBT-PY-BAL - (F) - IF long-term liability ending balances were included in the prior year unaudited actuals data, the Schedule of Long-Term Liabilities (Form DEBT) must be provided. PASSED

### EXPORT CHECKS

FORM01-PROVIDE - (F) - Form 01 (Form 01I) must be opened and saved. PASSED

RL-SUPP-PROVIDE - (F) - Revenue Limit Supplemental Data must be provided. PASSED

UNAUDIT-CERT-PROVIDE - (F) - Unaudited Actual Certification Data must be provided. PASSED



A-PROVIDE - (F) - Average Daily Attendance data must be provided. PASSED

ICR-PROVIDE - (F) - Indirect Cost Rate Worksheet data must be provided. PASSED

GANN-PROVIDE - (F) - Appropriations Limit Calculations (Form GANN) must be provided. PASSED

CHK-DEPENDENCY - (F) - If data has changed that affects other forms, the affected forms must be opened and saved. PASSED

Checks Completed.

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**APPENDIX C**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[Delivery Date]

Oakland Unified School District  
Oakland, California

Oakland Unified School District  
General Obligation Bonds, Election of 2000, Series 2005  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Alameda, California (the "County"), on behalf of the Oakland Unified School District (the "District"), which is located in the County, of \$141,000,000 aggregate principal amount of bonds designated as "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (the "Bonds"), representing part of an issue in the aggregate principal amount of \$303,000,000 authorized at an election held in the District on March 7, 2000. The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on June 28, 2005 (the "County Resolution"), at the request of the District pursuant to a resolution of the State Administrator of the District adopted on June 8, 2005 (the "District Resolution").

In such connection, we have reviewed the District Resolution, the County Resolution, 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 and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the District Resolution, the County Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure 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 District Resolution, the County Resolution, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 or counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, severability, or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials 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 valid and binding obligations of the District.
2. The District Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The County Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the County.
4. 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.
5. 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 interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Oakland Unified School District (the "District") in connection with the issuance of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Alameda (the "County") on June 28, 2005, at the request of the State Administrator of the District by its resolution adopted on June 8, 2005. 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 ("S.E.C.") Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which 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 the District, 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) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth at <http://www.sec.gov/info/municipal/nrmsir.htm>.

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

"Repository" shall mean each National Repository and the State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission, as listed at <http://www.sec.gov/info/municipal/nrmsir.htm>.

**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 (currently ending June 30), commencing with the report for the 2004-2005 Fiscal Year (which is due not later than April 1, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted

as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which 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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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.
- \* 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 included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Optional, unscheduled or contingent Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds;
11. Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the S.E.C. shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any 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 the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or 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 either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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(c), 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. 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: \_\_\_\_\_.

OAKLAND UNIFIED SCHOOL DISTRICT



**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of District: OAKLAND UNIFIED SCHOOL DISTRICT  
Name of Bond Issue: OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION  
BONDS, ELECTION OF 2000, SERIES 2005  
Date of Issuance: \_\_\_\_\_

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 no later than \_\_\_\_\_.]

Dated: \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT

\_\_\_\_\_ [to be signed only if filed]

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## APPENDIX E

### COUNTY OF ALAMEDA INVESTMENT POLICIES AND PRACTICES DESCRIPTION OF INVESTMENT POOL

*The following information has been supplied by the Alameda County Treasurer-Tax Collector (the "Treasurer"). Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. All questions related to the County Treasury and the investment practices of the Treasurer should be directed to the Treasurer at the following address: 1221 Oak Street, Room 131, Oakland, California, 94612-4685.*

## Annual Investment Policy Calendar Year 2005

### Introduction

The Alameda County Board of Supervisors, through its Ordinance #0-2004-99 dated, November 30, 2004 has delegated the responsibility to invest or to reinvest funds of Alameda County and the funds of other depositors in the County treasury. In order to provide a framework for oversight of the Treasurer's investment responsibilities and activities, the Government Code of the State of California through Section 27133 requires the County Treasurer to annually prepare an investment policy. The investment policy provides the specific guidelines, pursuant to which, the Treasurer carries-out investment-related functions.

### Investment Philosophy

The investment philosophy of the County shall be guided, in the order of priority, by the basic principles of 1) capital preservation, 2) liquidity and 3) rate of return. The investment portfolio shall be diversified and designed to attain a market-average rate of return, taking into account the cash-flow characteristics and operating requirements of the County and its subdivisions.

The portfolio shall strive to attain an average maturity of 18 months but not to exceed 24 months at any time. Investments shall be made with the general intention of holding to maturity and not for the purpose of trading. However, the Treasurer may, from time to time, swap securities in order to reposition investment holdings to current coupon issues or to take advantage of realizing market value profits on securities held by the portfolio.

The Treasurer is allowed to sell securities in which actual loss from such sale may be incurred under the following conditions:

- 1) to raise cash in order to meet unanticipated cash-flow need;
- 2) to swap securities for purposes of moving to current coupon issues; and
- 3) to avoid further deterioration of the value of investments due to a rating downgrade or negative rating review of an issuer or if interest rates are anticipated to continually rise.

## Investment Guidelines and Eligible Securities

Section 53600 et seq. of the Government Code of the State of California prescribes the statutory requirements relating to investments by local treasurers, including proportional limits by investment type relative to the size of the investment pool, and maximum maturity of investments. No investment of the County Treasurer shall not exceed final maturity of 5 years from date of purchase, except when specifically authorized by Board resolution of the Alameda County Board of Supervisors.

Alameda County investments shall conform with the legal provisions set forth in the Government Code, except that, the County further prescribes the following requirements:

- I. Bankers Acceptance - maximum limit - 30%
  - o Rating requirement:
    - at least A-rated domestic banks
    - at least AA-rated U.S. branch of foreign banks
  - o May not exceed 270 days maturity
- II. Commercial Paper - maximum limit 25%
  - o Rating requirement:
    - prime rated by at least one rating agency (split rated), if maturity does not exceed 30 days
    - prime rated by at least two rating agencies, if maturity exceeds 30 days
  - o May not exceed 270 days maturity
- III. Medium-Term Notes - maximum limit - 30%
  - o Rating requirement:
    - at least rated A if maturity is less than 3 years
    - at least rated AA if maturity is three years or more
- IV. Negotiable Certificates of Deposits or Bank Notes - maximum limit - 30%
  - o Rating requirement:
    - at least rated A if issued by a domestic bank
    - at least rated AA if issued by a U.S. branch of a foreign bank
  - o May not exceed one year in maturity
- V. Money Market Funds - maximum limit - 20%

To be eligible for purchase for the Treasurer's investment pool, a money market fund must maintain a constant \$1.00 NAV (Net Asset Value), and meet the either of the following requirements:

- a) The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California. The fund must attain the highest ranking or the highest letter and numerical rating by at least two of the three largest nationally recognized rating services; **or**
- b) The fund must be invested in securities and obligations permitted by subdivisions (a) to (1) inclusive, of Section 53601 of the Government Code of the State of California, and **if not rated**, must retain an investment adviser registered with the SEC with not less than five years experience investing in the securities and obligations

as authorized by subdivisions (a) to (m), inclusive, and with assets under management in excess of \$500,000,00

Investments in any one money market fund may not exceed 5% of the portfolio or \$75,000,000 whichever is lower. Exception to this limit shall apply during the months of December and April to accommodate short-term investment of large tax receipt flows.

VI. U.S. Treasury Bills, U.S. Government Notes, Federal Agency Notes, debt issues of the State of California and debt issues of local agencies within the State of California - no limit.

Purchase of debt issues of the U.S. Government, Federal Agencies, State of California and other local agencies in the State of California are eligible for purchase without limit, subject to requirements and restrictions of Section 53601 et seq. of the Government Code, except that floating rate notes, structured notes and other derivative securities permitted for purchase under the Code shall be limited to an aggregate cap of 15% of the total portfolio.

Plain callable securities are not subject to the 15% limitations.

VII. a) Repurchase Agreements - maximum limit - 20%

- o Counter-party requirement - financial institution that will deliver the securities versus payment.
- o Collateral - U.S. Government Securities or Federal Agency Securities with final maturity not exceeding 5 years from commencement of repurchase agreement.
- o Collateral Value - 102% if collateral matures within one year; or 105% if collateral matures after one year but not exceeding 5 years. Mark-to-market each Friday morning during the term of the agreement.
- o Maximum term of agreement - 90 days.

b) Reverse Repurchase Agreements (borrowing) for leveraging purposes shall conform in all aspects to the governing provisions of the Government Code Section 53601, et. seq. Reverse repurchase agreements which have been entered into for purposes of either raising temporary cash needs or for the purpose of leveraging to attain favorable investment spreads, must be approved by the Board of Supervisors pursuant to Government Code guidelines.

VIII. LAIF ( Local Agency Investment Fund) - maximum - \$40,000,000.

IX. Collateralized/FDIC - Insured Time Deposits

The Treasurer may place interest-bearing inactive public time deposits with banks and savings and loan associations located within the State of California, collateralized in accordance with requirements of the Government Code, except that, the Treasurer may place uncollateralized interest-bearing inactive time deposits up to the FDIC-insured amount of \$100,000, provided that the depository institution requests, and the Treasurer grants, a waiver of security in writing.

FDIC- insured inactive time deposits may be placed only with banks that have at least one branch office in the immediate San Francisco Bay Area counties, regardless of rating.

X. Others - any other legally permitted investments by specific authorizing resolutions of the Alameda County Board of Supervisors shall be eligible investments.

Credit ratings referred-to in this policy that are required to qualify securities for purchase by the Treasurer, shall mean the numeric, alpha, and/or alpha-numeric designations assigned by the following rating agencies:

Moody's Investor Service  
Standard & Poor's Rating Services  
Fitch IBCA, Inc.  
Thompson Bankwatch

**Directed Investments and Withdrawal Policy**

Self-directed investments made by any school district or any special district and deposits of same districts into the State's Local Agency Investment Fund (LAIF) are considered withdrawal of funds from the County treasury. Each district withdrawing funds for purposes of investing outside of the Treasurer's investment pool may only do so once each month, upon a 3-day written notice to the Treasurer in amounts not exceeding \$5,000,000 at any one time. Such withdrawal is hereafter referred to as a "Permissible Withdrawal". Further, each district wishing to invest bond proceeds and/or bond funds outside of the Treasurer's investment pool, must notify the Treasurer no later than on the day of the bond closing of such intention so that the Treasurer could place the funds in short-term securities whose maturity would coincide with the settlement/purchase date of the directed (bond proceeds/fund) investment. Securities representing district- directed investments not in the custody of a bond trustee shall be held by the County Treasurer solely in safekeeping at the County's custodial bank. Directed investments shall be the direct responsibility of each respective district with respect to their accounting and accountability.

Any school district or special district which has obtained a temporary loan from the Alameda County Treasurer may not invest operating funds outside of the Treasurer's investment pool until the temporary loan is fully liquidated.

## Securities Lending

Pursuant to Section 53601 (i) (3) of the Government Code, the Alameda County Treasurer may engage in securities lending through a third party custodian and lending administration revenues derived from securities lending will be considered incremental interest revenues to be share among participants in the investment pool.

## Other Provisions

Further, the Treasurer of Alameda County sets forth the following:

- 1) The Treasurer shall maintain sufficient funds in the County Treasury, to meet the estimated normal daily operating cash demands of the County and pool participants by investing funds to maturities that anticipate major cash needs. Investments shall, whenever possible, be made in securities that have active secondary or resale markets in order to provide maximum portfolio liquidity;
- 2) The treasurer's investment pool practices a "buy and hold" strategy, thus, funds are invested in securities that mature on dates coincident with the anticipated operating cash requirements of all participating entities. Consequently, withdrawal of funds for purposes other than to pay operating expenditures are unanticipated and could risk the pool's liquidity and stability. Nevertheless, subject to the **Directed Investments and Withdrawal Policy**, the Treasurer may liquidate securities in order to meet unanticipated cash withdrawals or disbursements made by the County or any pool participant, whether the purpose of such withdrawal or disbursement is to make payment for a legitimate obligation or to pull-out funds to reinvest outside the Treasurer's pool. Except for permissible withdrawals as described in the previous section, in the event the Treasurer is obligated to liquidate investments in an adverse market, the resulting loss, if any (calculated on the basis of comparing the accrued interest earned at the original purchase rate vs. the actual interest earned and/or lost at the current sale rate), due to an unanticipated school or special district withdrawal that normal pool liquidity cannot meet, and if the purpose of such withdrawal is to invest the funds outside of the Treasurer's investment pool, shall be borne by the withdrawing district/s alone. Losses incurred due to the untimely sale of securities to meet unanticipated cash needs other than for the purpose of investing funds outside the treasurer's pool shall be considered as a normal cost of providing unanticipated liquidity needs; and
- 3) The Treasurer shall hold all securities including collateral on repurchase agreements, in safekeeping with the County's custodial bank or with a national bank located in a Federal Reserve City which has provided the County with a safekeeping agreement;
- 4) The Alameda County Treasurer's investment pool does not accept non-mandatory depositors

## Investment Report

The Treasurer shall submit a report on the monthly status of the investment pool to the Alameda County Board of Supervisors, the Treasurer's Oversight Committee and the participating districts. The investment report must include the total market value of securities held, as reported by the custodial bank in its custodial report to the County, in each of the following calendar-quarter monthly reports, September, December, March, and June.

### **Criteria for Selecting Securities Dealers and Brokers**

The following criteria shall be required of securities dealership or brokerage in order to qualify to do business with the County of Alameda:

- 1) Nationally recognized primary dealers in government securities that report to the New York Federal Reserve Bank, regardless of the institutions' locations of their national headquarters; or
- 2) Non-reporting dealers or brokers who are registered with the Securities and Exchange Commission and who maintain at least one branch office within the State of California or whose corporate headquarters are located in any of the money center cities of New York or Chicago; or
- 3) Dealers or brokers who are licensed to do business in the State of California and who maintain at least one branch office within the State of California; or
- 4) Securities dealership or brokerage division of domestic banking institutions; and
- 5) Agents that are authorized by mutual fund/money market fund institutions to broker the sale of their fund/s.

All securities bought and/or sold by the County shall be settled on the basis of delivery versus payment (DVP).

Further, any securities broker or dealer who has made a political contribution to the treasurer, any member of the Board of Supervisors, or any candidate for those offices, in an amount that exceeds the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, within any consecutive 48-month period following January 1, 1996, shall be disqualified from transacting securities trades (purchase, sale and/or exchange) with the County Treasurer.

### **Allocation of Interest Income and Costs**

The Treasurer shall account for and apportion interest income on a cash basis. Interest income shall be distributed quarterly, allocated on the basis of average daily cash balances of participating funds in the investment pool.

The cost of operating the County treasury which includes investment management, accounting for the investment activity, banking and investment custodial services, receiving, accounting and remitting deposits, oversight and internal controls and direct and indirect costs shall be netted on a quarterly basis against the unapportioned interest prior to its quarterly allocation to the pool participants. The treasury operations "costs" are calculated each fiscal year in the budgeting process during which, the departmental budget is allocated among the various functioning units of the Treasurer-Tax Collector's department.

### **Limit on Receipt of Honoraria, Gifts and Gratuities**

No member of the Treasury Oversight Committee or any individual responsible for the management of the County's investment portfolio shall accept honoraria, gifts or gratuities from any advisor, broker, dealer, banker or other person with whom the county treasury conducts business, that aggregate in value in excess of \$250.00 in any calendar year.



**Conclusion**

Any provision in this, the investment policy of Alameda County, which may later be disallowed by the governing sections of the Government Code of the State of California, shall also be so disallowed. Conversely, should the governing sections of the Government Code add new types of securities to the allowable investment list, such new securities shall also be so allowed.

This investment policy shall be in effect until revised or replaced by the investment policy of the following fiscal year.

**ALAMEDA COUNTY INVESTMENT POOL**

LAIF	\$40,000,000	\$40,284,000	2.03%	N.A.
Bankers Acceptance	32,432,931	32,540,532 **	1.64%	30%
Collateralized Time Deposits	51,600,000	51,838,878	2.61%	no limit
Negotiable Certificates of Deposits	288,000,000	288,967,347	14.59%	30%
Commercial Paper	164,716,643	165,244,932 **	8.34%	25%
Money Market Funds	75,000,000	75,242,877	3.80%	20%
Federal Agency Notes & Bonds	845,267,530	842,940,539 #	42.82%	no limit
Federal Agency Discount Notes	390,233,626	391,590,210 **	19.77%	no limit
US Treasury Discount	24,646,805	24,892,499 **	1.24%	no limit
Total Investments	\$1,911,897,535	\$1,913,541,814	96.84%	
Cash in Bank and on Hand	62,294,620	62,294,620	3.16%	
<b>Total Treasurer's Pool</b>	<b>\$1,974,192,155</b>	<b>\$1,975,836,434</b>	<b>100.00%</b>	

**Footnotes:**

Of the total cash and investment holdings listed above \$1,063,729,682 or 53.88% consisted of cash and investments maturing within three months of this report. See Attachment IB for full graphic illustration of Treasurer's investment by maturity.

\*\*Market value of investments that have maturity under 1 year from date of purchase are reflected at COST = ACCRUED INTEREST.

# The Federal Agency notes holdings consisted of the following breakdown:

Bullet issues	\$69,372,350	3.51%
Callable issues	775,895,180	39.30%
<b>Total</b>	<b>\$845,267,530</b>	<b>42.82%</b>

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## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the 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, NY, 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 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 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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.

6. Redemption notices will 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 Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 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 issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, 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 issuer or the paying agent or bond trustee, 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 issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# FINANCIAL GUARANTY INSURANCE POLICY

**MBIA Insurance Corporation**  
**Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of a such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

**MBIA Insurance Corporation**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

STD-R-CA-7  
01/05

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CERTIFICATE OF THE DISTRICT AS TO OFFICIAL STATEMENT

I, Randolph E. Ward, Ed.D, State Administrator of the Oakland Unified School District (the "District"), County of Alameda, hereby certify that:

(i) I have reviewed the Preliminary Official Statement dated August 16, 2005 (the "Preliminary Official Statement"), and the Official Statement dated August 23, 2005 (the "Official Statement"), relating to the issuance of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), and have determined to the best of my knowledge and belief that the Preliminary Official Statement, as of its date and at the time of the sale of the Bonds, and the Official Statement as of its date and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchaser thereof, did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (excepting therefrom in each case information regarding DTC and its book-entry only system; information describing the County's investment policy, current portfolio holdings, and valuation procedures; information provided by the initial purchaser regarding the underwriting and reoffering of the Bonds; CUSIP identification numbers assigned to the Bonds; and information respecting a municipal bond insurance policy with respect to the Bonds, and the provider thereof, as to all of which no view is expressed);

(ii) I know of no material adverse change in the condition or affairs of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and the District hereby authorizes the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds;

(iii) As represented in the Official Statement, no litigation of any nature is now pending or threatened restraining or enjoining the sale, issuance or delivery of the Bonds or concerning the validity thereof. To the best of my knowledge, no litigation of any nature is now pending or threatened contesting the corporate existence or boundaries of the District, or the ability of the District to receive ad valorem taxes for payment of the principal of and interest on the Bonds, or to make such payments.

Dated: August 31, 2005.



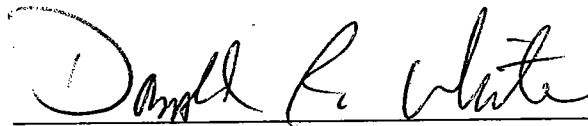
\_\_\_\_\_  
Randolph E. Ward, Ed.D, State Administrator  
Oakland Unified School District

CERTIFICATE OF COUNTY TREASURER AS TO OFFICIAL STATEMENT

I, Donald R. White, Treasurer of the County of Alameda, California (the "County"), do hereby certify that:

I have reviewed the Preliminary Official Statement, dated August 16, 2005 (the "Preliminary Official Statement"), relating to the issuance of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), and the Official Statement, dated August 23, 2005 (the "Official Statement") relating thereto, and have determined that the Preliminary Official Statement as of its date and at the time of the sale of the Bonds, and the Official Statement as of its date and at all times subsequent thereto up to and including the date hereof, solely with respect to the information contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Dated: August 31, 2005.

A handwritten signature in cursive script that reads "Donald R. White". The signature is written in dark ink and is positioned above a horizontal line.

Donald R. White  
Treasurer of the County of Alameda  
State of California

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Oakland Unified School District (the "District") in connection with the issuance of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Alameda (the "County") on June 28, 2005, at the request of the State Administrator of the District by its resolution adopted on June 8, 2005. 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 ("S.E.C.") Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which 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 the District, 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) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth at <http://www.sec.gov/info/municipal/nrmsir.htm>.

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

"Repository" shall mean each National Repository and the State Repository.

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

“State Repository” shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission, as listed at <http://www.sec.gov/info/municipal/nrmsir.htm>.

**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 (currently ending June 30), commencing with the report for the 2004-2005 Fiscal Year (which is due not later than April 1, 2006), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which 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 filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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.
- \* 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 included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bond holders;
8. Optional, unscheduled or contingent Bond calls;
9. Defeasances;

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

11. Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the S.E.C. shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any 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 the District.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or 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 either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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(c), 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Alameda or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.



SECTION 12. 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: August 31, 2005.

OAKLAND UNIFIED SCHOOL DISTRICT

A handwritten signature in black ink, appearing to read 'R. Ward', is written over a horizontal line.

Randolph E. Ward, Ed.D, State Administrator

**CONTINUING DISCLOSURE EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of District: OAKLAND UNIFIED SCHOOL DISTRICT  
Name of Bond Issue: OAKLAND UNIFIED SCHOOL DISTRICT GENERAL  
OBLIGATION BONDS, ELECTION OF 2000, SERIES 2005  
Date of Issuance: \_\_\_\_\_

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 no later than \_\_\_\_\_.]

Dated: \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT

\_\_\_\_\_ [to be signed only if filed]

## ACKNOWLEDGMENT OF CONTINUING DISCLOSURE OBLIGATIONS

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### **Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005**

The undersigned, Randolph E. Ward, Ed.D, State Administrator of the Oakland Unified School District (the "District"), County of Alameda, California, for and on behalf of the District, hereby acknowledges as follows with respect to the above-captioned securities (the "Bonds"):

1. Pursuant to Securities and Exchange Commission ("S.E.C.") Rule 15c2-12, the District has undertaken to file Annual Reports, as defined in and pursuant to the Disclosure Dissemination Agent Agreement between the District and Digital Assurance Certification, L.L.C., dated as of August 1, 2005 (the "Disclosure Dissemination Agent Agreement"). Annual Reports must be filed with each nationally recognized municipal securities information repository and any state information depository no later than nine months after the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2004-05 Fiscal Year which is due no later than April 1, 2006, and timely notice of Listed Events (if material to investors) must be provided to the Municipal Securities Rulemaking Board or to each nationally recognized municipal securities information repository and to any state information depository.

2. I am familiar with the provisions of the Disclosure Dissemination Agent Agreement, and I understand that the following consequences, among others, may arise with respect to the foregoing obligations to provide continuing disclosure to certain repositories:

- a. Failure to file the Annual Report by the date agreed to in the Disclosure Dissemination Agent Agreement, or to provide timely notice of material Listed Events, would require disclosure of such failure in all official statements of the District for five years and may subject the District to liability to Bondholders claiming that they would not have bought, sold or held (as the case may be) the Bonds had the required information been provided when agreed.
- b. Failure to include all of the information in the annual report that is required by the Disclosure Dissemination Agent Agreement would have a similar result.
- c. Including only the information required by the Disclosure Dissemination Agent Agreement may not be sufficient, and would result in securities fraud, as well as liability, under S.E.C. Rule 10b-5 if the information included is materially inaccurate or omits information necessary to make the information included not misleading to investors purchasing, selling or holding the Bonds.
- d. Although Rule 15c2-12 and the Disclosure Dissemination Agent Agreement appear to contemplate that Annual Reports will cover the preceding fiscal

year, if something has occurred since the end of the fiscal year that would make the fiscal year information in the Annual Report misleading, it could result in securities fraud and liability if it were not added to the annual report.

3. *[Check one and complete appropriate blanks]*

- The District intends to prepare and file Annual Reports (and notices of any material Listed Events) itself without the assistance of any outside firm, and acknowledges that it has the sole responsibility for preparation and filing of Annual Reports (and any Listed Event notices). The \_\_\_\_\_ of the District will have primary responsibility for the Annual Reports (and any Listed Event notices).
- The District has retained the firms of Kelling, Northcross & Nobriga and Digital Assurance Certification, L.L.C., to assist it in preparing and filing Annual Reports (and notices of any material Listed Events).
- The District intends to retain a qualified firm to assist it in preparing and filing Annual Reports (and notices of any material Listed Events), and acknowledges that it has the sole responsibility for retaining such a firm and, if such a firm is not timely retained, for preparation and filing of Annual Reports (and any Listed Event notices). Until such a firm is retained, the \_\_\_\_\_ of the District will have primary responsibility for Annual Reports (and any Listed Event notices).

Dated: August 31, 2005.



\_\_\_\_\_  
Randolph E. Ward, Ed.D, State Administrator  
Oakland Unified School District

**STANDARD  
& POOR'S**

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 40165774

August 30, 2005

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attention: Mr. Adam Carta, Assistant Vice President

**Re: \$141,000,000 Oakland Unified School District, California, General Obligation Bonds,  
Election of 2000, Series 2005, dated: Date of Delivery, due: August 1, 2006-2027,  
Term Bonds due: August 1, 2030, (POLICY #46863)**

Dear Mr. Carta:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "BBB". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Mr. Adam Carta  
Page 2  
August 30, 2005

Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

*Standard and Poor's / M/A*

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STANDARD  
AND POOR'S



**Moody's Investors Service**

99 Church Street  
New York, NY

August 30, 2005

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504

To Whom It May Concern:

Moody's Investors Service has assigned the rating of Aaa (MBIA Insurance Corporation Insured - Policy No. **46863**) to the **\$141,000,000.00, Oakland Unified School District, CA - General Obligation Bonds, Election of 2000, Series 2005**, dated August 31, 2005 which sold on August 23, 2005. The rating is based upon an insurance policy provided by MBIA Insurance Corporation.

Should you have any questions regarding the above, please do not hesitate to contact the assigned analyst, Margaret Kessler at (212) 553-7884.

Sincerely yours,

*Margaret Kessler*

Margaret L. Kessler  
Vice President/Senior Analyst

MLK / DC



**Moody's Investors Service**

One Front Street, Suite 1900  
San Francisco, CA 94111

Tel: 415.274.1700

August 10, 2005

Ms. Javetta Robinson  
Associate Superintendent  
Oakland Unified School District  
1025 Second Avenue, Room 301  
Oakland, CA 94606

Dear Ms. Robinson:

We wish to inform you that on August 10, 2005, Moody's Rating Committee reviewed and assigned a rating of **Baa2** to the Oakland Unified School District, California General Obligation Bonds, Election of 2000, Series 2005.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's ratings desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Dari Barzel, at 415-274-1707.

Sincerely,

Kenneth B. Kurtz  
Managing Director

KBK:DB/cm

cc: Ms. Ruth Alahydoian  
Kelling, Northcross & Nobriga, Inc.  
1333 Broadway, Suite 1000  
Oakland, CA 94612



**STANDARD  
& POOR'S**

Steven J. Murphy  
Managing Director  
55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2066  
steve\_murphy@standardandpoors.com

Steven G. Zimmermann  
Managing Director  
One Market  
Steuart Tower, 15th Floor  
San Francisco, CA 94105-1000  
tel 415 371-5004  
steve\_zimmermann@standardandpoors.com

reference no.: 737720

August 12, 2005

Oakland Unified School District  
1025 Second Avenue, Adm. #308  
Oakland, CA 94606--2212  
Attention: Ms. Javetta Robinson, Associate Superintendent

Re: *US\$141,000,000 Oakland Unified School District, California, General Obligation Bonds, Election of 2000, Series 2005, dated: Date of Delivery, due: August 1, 2030*

Dear Ms. Robinson:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "BBB". Standard & Poor's views the outlook for this rating as negative. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

Ms. Javetta Robinson  
Page 2  
August 12, 2005

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

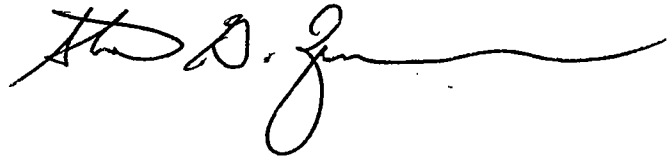
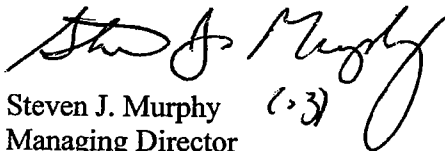
Please send all information to:  
Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

By: Steven J. Murphy (1.3)  
Managing Director



er  
enclosures

cc: Ms. Ruth Alahydroian, Vice President  
Kelling, Northcross & Nobriga

# STANDARD & POOR'S

## **Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Public Finance Ratings**

**Request for a rating.** Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

**Agreement to Accept Terms and Conditions.** Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

**Fees and expenses.** In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

**Scope of Rating.** The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

**Publication.** Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

**Information to be Provided by the Issuer/obligor.** The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

**Standard & Poor's Not an Advisor, Fiduciary, or Expert.** The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

**Limitation on Damages.** The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

**Term.** This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

**Third Parties.** Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

**Binding Effect.** This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

**Severability.** In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

**Complete Agreement.** This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

**Governing Law.** This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

**REPORT OF PROPOSED DEBT ISSUANCE**

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
Tel.: (916) 653-3269 FAX: (916) 654-7440

COPY

For Office Use Only

CDIAC NO.: \_\_\_\_\_

RCVD JUN 29 '05

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete database of public debt in California. Thank you for your cooperation.<sup>1</sup>

ISSUER NAME: Oakland Unified School District

ISSUE NAME: Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005

Please specify type/name of project: Oakland USD GO Bonds, Election of 2000, Series 2005

PROPOSED SALE DATE: July 27, 2005 PRINCIPAL TO BE SOLD: \$141,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?<sup>2</sup>

No  Yes, proposed amount for refunding \$ \_\_\_\_\_

Issuer Contact:

Name: Randolph Ward

Title: Superintendent/State Administrator

Address: 1025 Second Avenue, Room 301, Oakland, CA 94606

Phone: (510) 879-8200 Issuer Located In Alameda County

Filing Contact: Name of Individual (representing:  Bond Counsel,  Issuer,  Financial Advisor, or  Lead Underwriter) who completed this form and may be contacted for information:

Name: Eugene Clark-Herrera

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773-5911 E-mail: ech@orrick.com

Send acknowledgement/copies to: Paul Toland, Project Manager

FINANCING PARTICIPANTS:

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

FINANCIAL ADVISOR: Kelling, Northcross & Nøbriga

UNDERWRITER/PURCHASER: [TBA]

IS THE INTEREST ON THE DEBT TAXABLE?

Under State law:  NO (tax-exempt)  YES (taxable)

Under Federal law:  NO (tax-exempt)  YES (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?

Yes, preference item  No, not a preference item

TYPE OF SALE:  Competitive  Negotiated

<sup>1</sup> Section 8855(g) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDIAC no later than 30 days prior to the sale. Under California Government Code Section 8855(f), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

<sup>2</sup> Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

**TYPE OF DEBT INSTRUMENT**

**NOTE**

- Bond anticipation (BAN)
- Grant obligation (GAN)
- Other note (Please specify below.) (OTHN)
- Revenue anticipation (RAN)
- Tax allocation (TALN)
- Tax and revenue anticipation (TRAN)
- Tax anticipation (TAN)
  
- Commercial paper (CP)
- Certificates of participation/leases (COPL)
- Other (Please specify below.) (OTH)

**BOND**

- Conduit revenue (Private obligor) (CRB)
- General obligation (GOB)
- Limited tax obligation (LTOB)
- Other bond (Please specify below.) (OTHB)
- Public lease revenue (PLRB)
- Revenue (Pool) (RB)
- Revenue (Public enterprise) (PERB)
- Sales tax revenue (STRB)
- Special assessment (SAB)
- Tax allocation (TAB)

Please specify if "Other note/Other bond/Other" was checked: \_\_\_\_\_

**SOURCE(S) OF REPAYMENT**

- Bond proceeds (BDPR)
- General fund of issuing jurisdiction (GNFD)
- Grants (GRNT)
- Intergovernmental transfers other than grants (ITGV)
- Local obligations (LOB)
- Private obligor payments (POP)
- Other (Please specify.) (OTHS): \_\_\_\_\_

- Property tax revenues (PRTX)
- Public enterprise revenues (PER)
- Sales tax revenues (SATR)
- Special assessments (SA)
- Special tax revenues (SPTR)
- Tax-increment (TI)

**PURPOSE(S) OF FINANCING**

- Cash flow, interim financing (CFIF)
- Project, interim financing (PIF)
  
- College/university housing (CUH)
- Multifamily housing (MFH)<sup>3</sup>
- Single-family housing (SFH)<sup>3</sup>
  
- Health care facilities (HCF)
- Hospital (HOSP)
- Other/multiple health care purposes (equipment; etc.)(OMHC)
  
- College/university facility (CUF)
- K-12 school facility (KSCH)
- Other/multiple education uses (equipment, etc.)(OMED)
- Student loans (SLC)
  
- Redevelopment, multiple uses (RD)
  
- Commercial development (CMDV)
- Industrial development (INDV)
- Pollution control (PC)

- Airport (APRT)
- Bridges and highways (BRHI)
- Convention center (CCTR)
- Equipment (EQUP)
- Flood control/storm drainage (FLDS)
- Multiple capital improvements and public works (MCAP)
- Other capital improvements and public works (OCAP)
- Parking (PRKG)
- Parks/open space (PRKO)
- Ports and marinas (PRTS)
- Power generation/transmission (PWR)
- Prisons/jails/correctional facilities (PRSN)
- Public building (PB)
- Public transit (PTR)
- Recreation and sports facilities (RCSP)
- Seismic safety improvements/repair (SSI)
- Solid waste recovery facilities (SWST)
- Street construction and improvements (SCI)
- Wastewater collection and treatment (WSTW)
- Water supply/storage/distribution (WTR)
  
- Insurance/pension funds (IPF)
- Other than listed above (OTH)s

Please Specify type/name of project if different from above: \_\_\_\_\_

<sup>3</sup> Certain local government issuers of housing bonds are required to obtain a certification from the State Treasurer attesting to their compliance with the State housing reporting requirements prior to issuance of the bonds to finance single- or multifamily housing.



**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION**

915 CAPITOL MALL, ROOM 400  
P.O. BOX 942809  
SACRAMENTO, CA 94209-0001  
TELEPHONE: (916) 653-3269  
FAX: (916) 654-7440

Lisa M. Harris  
Executive Director

June 30, 2005

**TO:** Paul Toland  
Orrick Herrington & Sutcliffe  
The Orrick Bldg  
405 Howard St  
San Francisco, CA 94105-2669

**FROM:** Lisa M. Harris, Executive Director

**RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE**

Section 8855(k) of the California Government Code requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any public agency debt issue.

The Commission acknowledges your written notice of the following proposed debt issuance:

<b>CDIAC Nbr:</b>	2005-1240
<b>Issuer:</b>	Oakland Unified School District
<b>Project:</b>	K-12 school facility
<b>Proposed Amount:</b>	\$141,000,000.00
<b>Proposed Sale Date:</b>	July 27, 2005
<b>Date Notice Received:</b>	June 29, 2005

Please submit the **Report of Final Sale** and the Official Statement (or offering circular) on this issue within 45 days of sale date. Any questions regarding reporting requirements may be directed to the CDIAC staff at (916) 653-3269.

Cc: Randolph Ward  
Superintendent/State Administrator

**REPORT OF FINAL SALE**

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
Tel: (916) 653-3269 FAX: (916) 654-7440

COPY

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RCVD SEP 1 '05

Under California Government Code Section 8855(i), "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

CDIAC NO #: 2005-1240

ISSUER NAME: Oakland Unified School District

(If pool bond, list participants)

ISSUE NAME: Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005

IF THIS IS A POOLED FINANCING, WHICH ISSUANCE STATUTE IS IT AUTHORIZED UNDER?

1) Marks-Roos Local Bond Pooling Act 2) JPA Law 3) Installment Sales Agreement, Lease 4) Housing Revenue Bond Law & Industrial Development Bond Law 5) Other

WILL A VALIDATION ACTION BE PURSUED?  No  Yes  Unknown

ACTUAL SALE DATE: August 23, 2005 PRINCIPAL SOLD: \$141,000,000

IS ANY PORTION OF THE DEBT FOR REFUNDING?<sup>1</sup>

No  Yes, refunding amount (including costs) \$ \_\_\_\_\_

**Issuer Contact:**

Name: Randolph Ward

Title: Superintendent/State Administrator

Address: 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773-5911

ISSUER LOCATED IN ech@orrick.com

COUNTY

Filing Contact:: Name of Individual (representing:  Bond Counsel,  Issuer,  Financial Advisor, or  Lead Underwriter) who completed this form and may be contacted for information:

Name: Eugene Clark-Herrera, Esq.

Firm/Agency: Orrick, Herrington & Sutcliffe LLP

Address: 405 Howard Street, San Francisco, CA 94105

Phone: (415) 773 4129

E-mail: hartenstein@orrick.com

Send acknowledgement/copies to: Paul Toland, Project Manager

Name of individual to whom an invoice for the CDIAC issue fee should be sent:<sup>2</sup>

Name: James Quinn

Firm: Citigroup Global Markets, Inc.

Address: 390 Greenwich Street, 2nd Floor, New York, NY 10013

Phone: 212) 703-7095

<sup>1</sup> Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

<sup>2</sup> This fee is authorized by Section 8856 of the California Government Code and is charged to the lead underwriter or purchaser of the issue. The fee is administratively set by the Commission. The current fee schedule may be obtained from CDIAC.



FINANCING PARTICIPANTS (Firm Name)

FINANCIAL ADVISOR: Kelling, Northcross & Nobriga

LEAD UNDERWRITER/PURCHASER: Citigroup Global Markets, Inc.

BOND COUNSEL: Orrick, Herrington & Sutcliffe LLP

TRUSTEE/PAYING AGENT: U.S. Bank National Association

MATURITY SCHEDULE

Attached  Included in Official Statement

MATURITY STRUCTURE

Serial (S)  Term (T)  
 Serial and term bonds or two or more term (B)

FINAL MATURITY DATE: August 1, 2030

FIRST OPTIONAL CALL DATE: August 1, 2016

SENIOR/SUBORDINATE STRUCTURE  Yes  No

OFFICIAL STATEMENT/OFFERING MEMORANDUM:

Enclosed  None prepared

WAS THE ISSUE INSURED OR GUARANTEED?

No  
 Bond Insurance (I)  
 Letter of Credit (L)  
 State Intercept Program (T)  
 Other (O)

GUARANTOR: MBIA

ENHANCEMENT EXPIRATION DATE: n/a

INDICATE CREDIT RATING:

(For example, "AAA" or "Aaa")

Not Rated  
 Rated  
Standard & Poor's: BBB (AAA insured)  
Fitch: \_\_\_\_\_  
Moody's: Baa2 (Aaa insured)  
Other: \_\_\_\_\_

REASON FOR NEGOTIATED REFUNDINGS

If the issue is a negotiated refunding, indicate the reason(s) why the bonds were issued at a private or negotiated versus a competitive sale.

- (1) Timing of the sale provided more flexibility than a public sale
- (2) More cost savings were expected to be realized than a public sale
- (3) More flexibility in debt structure was available than a public sale
- (4) Issuer able to work with participants familiar with issue/r than a public sale
- (5) All of the above
- (6) Other (please specify) \_\_\_\_\_

OFFICE LOCATION (City/State)

Oakland, CA

New York, NY

San Francisco, CA

Los Angeles, CA

IS THE INTEREST ON THE DEBT TAXABLE?

Under State Law:  No (tax-exempt)  Yes (taxable)  
Under Federal Law:  No (tax-exempt)  Yes (taxable)  
If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?  Yes  No

INTEREST TYPE:  NIC  TIC  Variable

INTEREST COST: 4.205453%

CAPITAL APPRECIATION BOND:  Yes  No

ISSUANCE COSTS AND FEES:

A) Management Fee	\$ <u>May be</u>
B) Total Takedown	\$ <u>Obtained</u>
C) Underwriter Expenses	\$ <u>from Issuer.</u>
Underwriter Spread or Discount	\$ _____
D) Bond Counsel	\$ _____
E) Disclosure Counsel	\$ _____
F) Financial Advisor	\$ _____
G) Rating Agency	\$ _____
H) Credit Enhancement	\$ _____
I) Trustee Fee	\$ _____
J) Other Expenses	\$ _____
Total Issuance Costs	\$ _____
K) ORIGINAL ISSUE PREMIUM	\$ _____
L) ORIGINAL ISSUE DISCOUNT	\$ _____
M) NET ORIGINAL ISSUE DISCOUNT/PREMIUM	\$ _____

FOR OFFICE USE ONLY  
FEE: \$ \_\_\_\_\_


DEBT CAPACITY CERTIFICATE OF THE COUNTY

---

I, Patrick O'Connell, Auditor-Controller of the County of Alameda (the "County"), State of California, hereby certify that I have reviewed my records with respect to the Oakland Unified School District (the "District") and *ad valorem* taxes levied therein for payment of indebtedness of the District, including the last equalized assessment roll of the County as of August 20, 2005, namely, the assessment for the Fiscal Year 2005-06, and hereby further certify as follows:

1. Total assessed valuation of tangible taxable property (including State- and County-assessed property) within the District, as of August 20, 2005: \$ 32,658,681,476
  
2. Outstanding bonded indebtedness of the District (as of this date) \$ 306,034,208
  
3. The County does not levy on behalf of the District a voter-approved *ad valorem* tax relating to lease obligations of the District pursuant to Sections 17400-17429 (formerly Sections 39300-39325) of the Education Code of the State of California.

IN WITNESS WHEREOF, I have executed this certificate this 30th day of August, 2005.



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AUDITOR-CONTROLLER OF THE  
COUNTY OF ALAMEDA

DEBT CAPACITY CERTIFICATE OF THE DISTRICT

I, Randolph E. Ward, Ed.D, State Administrator of the Oakland Unified School District (the "District"), County of Alameda, State of California, hereby certify, based on information provided to the District by the Auditor-Controller of the County of Alameda, in connection with the proposed issuance of not to exceed \$141,000,000 aggregate principal amount of general obligation bonds of the District, that the District has sufficient bonding capacity for the issuance of said Bonds, as follows:

Statutory Debt Limitation/Bonding Capacity

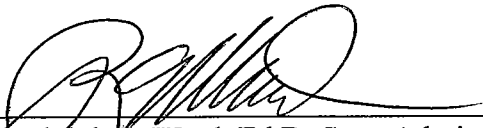
- |   |                  |
|---|------------------|
| 1. Total assessed valuation of tangible taxable property within the District (as certified by County Auditor-Controller): | \$32,658,681,476 |
| 2. District's applicable percentage bond debt limit:  | <u>2.5%</u>      |
| 3. District's gross bonding capacity (Item 1 x Item 2):   | 816,467,037      |

Total Indebtedness

- |  |                       |
|--|-----------------------|
| 1. (a) Outstanding bonded indebtedness (as certified by County Auditor-Controller):                            | \$ 306,034,208        |
| (b) 50% of lease obligations payable from taxes levied pursuant to former Education Code Sections 39300-39325: | 0                     |
| 2. Principal amount proposed to be issued:   | \$141,000,000         |
| 3. Total outstanding indebtedness (Item 1 plus Item 2):  | <u>\$ 447,034,208</u> |

Outstanding indebtedness plus the proposed bonds as a percent of assessed valuation: 1.4

IN WITNESS WHEREOF, I have executed this certificate this day, August 31, 2005.

  
\_\_\_\_\_  
Randolph E. Ward, Ed.D, State Administrator  
Oakland Unified School District

RECEIPT FOR PURCHASE PRICE

---

The undersigned, Treasurer of the County of Alameda, does hereby certify that on the date set forth below he did receive from Citigroup Global Markets Inc., the Purchaser, on behalf of the Oakland Unified School District (the "District"), the net purchase price of the following bonds:

Title of Bonds:           Oakland Unified School District General  
                                  Obligation Bonds, Election of 2000, Series 2005

Principal Amount:   \$141,000,000

Date of Bonds:        August 31, 2005

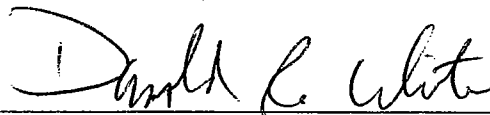
Said bonds mature and bear interest as set forth in Schedule A, attached hereto.

Said net purchase price was computed as follows:

Principal Amount of Bonds:	\$141,000,000.00
Plus Premium:	7,454,326.45
Less Underwriter's Discount:	(921,830.00)
Less Bond Insurance Premium (paid directly to the Insurer on behalf of the District):	(715,000.00)
Less Costs of Issuance (paid by the Underwriter):	(255,000.00)
Total Purchase Price:	\$146,562,496.45
Less Good Faith Deposit:	<u>          (50,000.00)</u>
Net Due at Closing:	\$146,512,496.45

The undersigned does hereby further certify that the Premium (net of underwriter's discount, insurance premium and costs of issuance) has been deposited in the interest and sinking fund of the District, and the balance has been deposited in the building fund of the District, together with the Purchaser's Good Faith Deposit in the amount shown above, as required by Resolution No. R-2005-279 of the Board of Supervisors of the County of Alameda, adopted on June 28, 2005.

Dated: August 31, 2005.



---

Donald R. White  
Treasurer of the County of Alameda,  
State of California

EXECUTION COPY

**\$141,000,000.00**  
**Oakland Unified School District**  
**General Obligation Bonds, Election of 2000, Series 2005**

**Tax Certificate**

This Tax Certificate is executed and delivered by the Oakland Unified School District (the "Issuer") in connection with the issuance of its General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), in the aggregate principal amount of \$141,000,000.00. Interest on the Bonds will be payable on each February 1 and August 1 commencing February 1, 2006. The Bonds are being issued pursuant to Resolution No. 0405-0160 (the "Resolution"), adopted by the State Administrator of the Issuer on June 8, 2005. Pursuant to Section 8 of the Resolution, and in part pursuant to Treasury Regulations Section 1.148-2(b)(2), the Issuer certifies, covenants, warrants and represents as follows:

**ARTICLE I. IN GENERAL**

1.1 **The Issuer.** The Issuer is a school district duly organized and existing under and by virtue of the laws of the State of California. The Issuer has the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

1.2 **Delivery of the Bonds.** On the date hereof, in exchange for receipt of good funds, the Issuer is delivering the Bonds to Citigroup Global Markets Inc., as the purchaser and underwriter thereof (the "Underwriter"), for resale to the general public.

1.3 **Purpose of Tax Certificate.** The Issuer is delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP, as bond counsel, with the understanding that Orrick, Herrington & Sutcliffe LLP will rely in part upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.4 **Purpose of Financing.** The Bonds are being issued to finance the costs of the acquisition, construction, improvement and renovation of various school facilities (the "Project"), and to pay costs of issuing the Bonds, including the premiums for the policy of municipal bond insurance issued by the Insurer (as defined in Section 1.6 hereof).

1.5 **Single Issue.** All the Bonds were sold to the Underwriter on August 23, 2005 (the "Sale Date"), pursuant to the same plan of financing, and are expected to be paid out of substantially the same source of funds. No other governmental obligations which are expected to be paid out of substantially the same source of funds as the Bonds have been or will be sold within the 31-day period beginning 15 days before the Sale Date pursuant to the same plan of financing as the Bonds.

1.6 **Definitions.** Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Resolution. Unless the context otherwise requires, the following capitalized terms have the following meanings:

*“Available Construction Proceeds”* means all Sale Proceeds (reduced by costs of issuing the Bonds financed from Bond proceeds), plus all Investment Proceeds earned or reasonably expected to be earned thereon.

*“Bona Fide Debt Service Funds”* means those funds and accounts (or portions of those funds and accounts) identified in Section 3.4 of this Tax Certificate.

*“Bond Year”* means the period beginning on the Closing Date and ending on August 31, 2006 (or on an earlier date selected by the Issuer in accordance with Treasury Regulations Section 1.148-1(b)) and each successive one-year period thereafter. The last Bond Year will end on the last day on which any Bond is outstanding for federal tax purposes.

*“Closing Date”* means the date of this Tax Certificate.

*“Code”* means the Internal Revenue Code of 1986 (including amendments thereto).

*“Current Tax Revenues.”* See Section 3.4.2 hereof.

*“Governmental Unit”* means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

*“Gross Proceeds”* has the meaning used in Section 1.148-1(b) of the Treasury Regulations, and generally means all proceeds derived from or relating to the Bonds, including Sale Proceeds, Investment Proceeds, and other amounts expected to be used to pay debt service on the Bonds.

*“Insurance”* means the municipal bond insurance policy issued by the Insurer unconditionally guaranteeing the payment of the principal of and interest on the Bonds.

*“Insurer”* means MBIA Insurance Corporation.

*“Investment Proceeds”* means earnings received from investing and reinvesting Sale Proceeds and from investing and reinvesting such earnings.

*“Investment Property”* means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a “specified private activity bond” within the meaning of Section 57(a)(5)(C) of the Code.

*“Net Sale Proceeds”* means the Sale Proceeds, minus the amount of Sale Proceeds invested as part of the “minor portion” as described in Code Section 148(e).

*“Nongovernmental Person”* means any person or entity other than a Governmental Unit.

“*Nonpurpose Investment*” means any Investment Property in which Gross Proceeds are invested.

“*Opinion of Counsel*” means a written opinion of nationally recognized bond counsel to the effect that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected.

“*Preliminary Expenditures*” means architectural, engineering, surveying, soil testing, costs of issuing the Bonds, and similar costs paid with respect to the Project in an aggregate amount not exceeding \$29,690,685.00 (20% of the issue price of the Bonds). However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

“*Reasonably Required Reserve Amount*” has the meaning set forth in Section 3.4.4 of this tax certificate.

“*Rebate Fund*” means the fund established in Section 3.5 of this Tax Certificate.

“*Rebate Requirement*” means the amount of rebatable arbitrage computed as of the last day of any Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

“*Sale Proceeds*” means the amount of \$148,454,326.45, comprising the principal amount of the Bonds (\$141,000,000.00), plus original issue premium thereon (\$7,454,326.45).

“*Tax-Exempt Bond*” means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

“*Tax Revenues.*” See Section 3.4.1 hereof.

“*Yield*” means that discount rate described in Section 4.1 of this Tax Certificate.

1.7 **Reliance.** With respect to certain matters contained in this Tax Certificate, the Issuer specifically relies upon certifications of the Underwriter outlined in the Certificate of the Underwriter attached hereto as Exhibit A and the Certificate of the Insurer attached hereto as Exhibit C. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or in the exhibits hereto.

## ARTICLE II. GENERAL TAX LIMITATIONS

### 2.1 Application of Sale Proceeds.

The Issuer is delivering the Bonds to the Underwriter on the date hereof in exchange for payment of \$146,562,496.45. Such amount, constituting Sale Proceeds less Underwriter’s

compensation of \$921,830.00, less \$255,000.00 retained by the Underwriter for costs of issuing the Bonds, less Insurance premiums of \$715,000.00, will be deposited to the following funds:

Sources:

Sale Proceeds (less amounts described above)	\$ 146,562,496.45
Total Sources:	\$ 146,562,496.45

Applications:

Building Fund	\$ 141,000,000.00
Interest and Sinking Fund	<u>5,562,496.45</u>
Total Applications:	\$ 146,562,496.45

Investment earnings on amounts in any fund will remain in that fund.

2.2 **Expenditure of Gross Proceeds.** For purposes of this Tax Certificate, Gross Proceeds will be treated as spent when they are used to pay or reimburse disbursements by the Issuer that are (i) capital expenditures, (ii) costs of issuing the Bonds, (iii) interest on the Bonds through the later of three years after the Closing Date or one year after the Project is placed in service, (iv) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Sale Proceeds), or (v) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). On March 7, 2000, the registered voters of the Issuer authorized the issuance of the Bonds to finance costs of the Project. Absent an Opinion of Counsel, all expenditures of Gross Proceeds will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Issuer on or after August 29, 1999, the date which is sixty days prior to the date on which said election was ordered to be held by the Board of Education of the Issuer, (c) costs of issuing the Bonds, or (d) other payments made by the Issuer on or after the Closing Date. In connection with all expenditures of Gross Proceeds described in (b), the reimbursement allocation will be made no later than the later of 18 months after the date of the expenditure or 18 months after the date on which the Project is placed in service, but if the latter, then in no event later than three years after the date of expenditure.

2.3 **Governmental Bond Status.** Absent an Opinion of Counsel, the Issuer will not loan more than 5% of the proceeds of the Bonds to one or more Nongovernmental Persons. Absent an Opinion of Counsel, the Issuer will not allow more than 10% of Sale Proceeds and Investment Proceeds of the Bonds or of the Project to be used directly or indirectly by any Nongovernmental Person in any trade or business, other than as a member of the general public. For purposes of the preceding sentence, "10%" is reduced to "5%" for nongovernmental use of any facilities financed from proceeds of the Bonds which are disproportionate to or not related to the governmental purposes of the Bonds. Absent an Opinion of Counsel, for purposes of this Section, a Nongovernmental Person will be treated as "using" proceeds of the Bonds to the extent the Nongovernmental Person:

- (i) borrows proceeds of the Bonds, or
- (ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).



2.4 **Change in Use.** The Issuer reasonably expects to use all proceeds of the Bonds and all facilities that are financed from proceeds of the Bonds as set forth in Section 2.3 of this Tax Certificate for the entire stated term to maturity of the Bonds. Absent an Opinion of Counsel, the Issuer in fact will use all proceeds of the Bonds and each facility financed from proceeds of the Bonds as set forth in Section 2.3 of this Tax Certificate.

2.5 **Registered Form.** The Bonds are being issued in registered form.

2.6 **Federal Guarantee.** The Issuer will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Issuer or any related party or take or omit to take any action that would cause the Bonds to be obligations that are "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Issuer will not allow the payment of principal or interest with respect to the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Except as provided in the next sentence, the Issuer will not use 5% or more of the proceeds of the Bonds to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof, nor will it invest 5% or more of the proceeds in federally insured deposits or accounts. The preceding sentence shall not apply to:

- (a) investments in the Building Fund during the temporary period described in Section 3.6 of this Tax Certificate;
- (b) investments in Bona Fide Debt Service Funds; and
- (c) investments in obligations issued by the United States Department of the Treasury.

2.7 **Information Reporting.** The Issuer will cause a properly completed and executed IRS Form 8038-G to be filed with respect to the Bonds no later than November 15, 2005.

2.8 **No Refunding.** Proceeds of the Bonds will not be used directly or indirectly to make principal, interest or premium payments with respect to any governmental obligation other than the Bonds.

2.9 **No Pooling.** The Issuer will not use any proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.10 **No Hedge Bonds.** The Issuer reasonably expects that more than 85% of Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 31, 2008. The Issuer also reasonably expects that at least 10% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 31, 2006, and that at least 30% of the Net Sale Proceeds will be expended for governmental purposes of the Bonds before August 31, 2007. Not more than 50% of proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more. In addition, the payment of legal and underwriting costs associated with issuance of the Bonds is not contingent, and at least 95% of all legal and underwriting costs associated with issuance of the Bonds will be paid no later than February 27, 2006, the 180th day after the issue date.

2.11 **Retention of Records.** The Issuer covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date three years after the last outstanding Bonds have been retired. If any of the Bonds are refunded by Tax-Exempt Obligations (the "Refunding Obligations"), the Issuer covenants to maintain all records required to be retained by this Section 2.11 until the later of the date three years after the last outstanding Bonds have been retired or the date three years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

(a) Basic records and documents relating to the Bonds (including this Tax Certificate and the opinion of Bond Counsel);

(b) Documentation evidencing the expenditure of Bond proceeds;

(c) Documentation evidencing the use of the Project by public and private sources (i.e., copies of management contracts, research agreements, leases, etc.);

(d) Documentation evidencing all sources of payment or security for the Bonds;  
and

(e) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations). See also Section 5.2 hereof regarding records required to be kept for purposes of calculating the Rebate Requirement.

### ARTICLE III. ARBITRAGE - GENERAL

3.1 **Reasonable Expectations.** This Article III states the Issuer's reasonable expectations with respect to the amounts and uses of proceeds of the Bonds and certain other moneys.

3.2 **Reoffering Price.** Based upon advice of the Underwriter, the Bonds have been reoffered to the public (excluding any bond house, broker or other intermediary) at the prices set forth in Schedule A attached to Exhibit A. Based upon advice of the Underwriter, the initial reoffering prices were reasonable under customary standards in the applicable tax-exempt market as of the Sale Date.

3.3 **Funds and Accounts.** Pursuant to the Resolution, the Issuer will cause the following funds and accounts to be established and maintained:

Building Fund  
Interest and Sinking Fund  
Redemption Fund  
Rebate Fund

The Issuer expects that neither itself nor any other person benefitting from the issuance of the Bonds will use any moneys in any fund or account other than the Redemption Fund and the Interest and Sinking Fund to pay principal of, redemption premium on, or interest on the Bonds; nor is any other fund or account, however established, other than those funds, so pledged as security for the Bonds that there is a reasonable assurance that amounts held in such other fund or account will be available if needed to pay debt service on the Bonds.

### 3.4 Debt Service Funds.

3.4.1 **Payment of the Bonds.** The Bonds are payable from proceeds of ad valorem taxes ("Tax Revenues") imposed by the Issuer on the Bonds.

3.4.2 **Revenues.** All Tax Revenues are to be collected and deposited to the Interest and Sinking Fund and applied as provided in the Resolution and the Education Code of the State of California. Payments of debt service on the Bonds generally are expected to be derived from current Tax Revenues of the Issuer in each year, and Tax Revenues are expected to equal or exceed debt service on the Bonds during each payment period. Tax Revenues actually used in less than one year from the date first received to pay debt service on obligations of the Issuer, on a first-in, first-out accounting basis, subject to Section 3.4.4 herein, are referred to herein as "Current Tax Revenues."

3.4.3 **Match Between Current Tax Revenues and Debt Service.** The Interest and Sinking Fund, excluding certain Sale Proceeds deposited therein, and the Redemption Fund will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year. To the extent of Current Tax Revenues, such funds in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such funds for the immediately preceding Bond Year or 1/12 of the debt service in respect of the Bonds for the immediately preceding Bond Year. Current Tax Revenues contributed to any such fund will be spent within thirteen months after the date of such contribution, and any amounts received from the investment or reinvestment of monies held in such funds will be expended within one year after the date of accumulation thereof in any such fund. Current Tax Revenues in the Interest and Sinking Fund and the Redemption Fund shall be invested without regard to yield. Tax Revenues other than Current Tax Revenues will be allocated on a pro rata basis between the Bonds and other obligations of the Issuer the debt service on which is to be paid from Tax Revenues, and the amount allocated to the Bonds may be treated as part of a "Reasonably Required Reserve Amount," as described in Section 3.4.4 herein, or invested pursuant to Section 4.4 (i.e., to the extent such amounts exceed \$100,000, the excess will be invested at a yield not exceeding the yield on the Bonds).

3.4.4 **Potential Excess Collections and Reasonably Required Reserve Amount.** As set forth in Section 3.4.2 herein, Tax Revenues are generally used in a "first-in, first-out" basis. However, the manner in which Tax Revenues are collected to pay debt service on the Bonds may result in an amount in excess of what constitutes Current Tax Revenues in the Interest and Sinking Fund. In such event, Tax Revenues will be used in a "last-in, first-out" basis. The excess above the Current Tax Revenues is the result of the method of collection imposed by the county in which the Issuer is located. To the extent such excess exists, the Issuer does not expect the amount of excess to exceed the least of (i) 10% of the original amount of the Bonds, (ii) maximum annual debt service on the Bonds, or (iii) 125% of average annual debt service on the Bonds (the "Reasonably Required Reserve Amount").

The Reasonably Required Reserve Amount not in excess of the three-part test provided in the previous sentence may be invested without regard to yield even though it is subject to rebate. Any amount in excess of the three-part test is eligible for yield reduction payments, as referenced in Section 4.4 herein, to the extent the Reasonably Required Reserve Amount does not exceed 15% of the stated principal amount of the Bonds.

**3.5 Rebate Fund.** A special fund designated the "Rebate Fund" is hereby established pursuant to this Tax Certificate and the Resolution. The Issuer is required to keep the Rebate Fund separate and apart from all other funds and moneys held by it as required by this Tax Certificate. The Issuer has covenanted not to use moneys on deposit in any fund or account in connection with the Bonds in a manner which would cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and Treasury Regulations applicable thereto. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service in respect of the Bonds. Sale Proceeds and Investment Proceeds held in the Rebate Fund shall be invested as set forth in Section 4.4 of this Tax Certificate. All other amounts in the Rebate Fund will be invested without regard to yield.

**3.6 Three-Year Temporary Period.** A portion of the Sale Proceeds in the amount of \$141,000,000.00 will be deposited in the Building Fund for the purpose of paying costs of the Project, and Sale Proceeds in the amount of \$255,000.00 will be retained by the Underwriter to pay the costs of issuing the Bonds. The Issuer reasonably expects that at least 85% of the Net Sale Proceeds will be spent to pay costs of issuing the Bonds and costs of the Project before August 31, 2008. The Issuer heretofore has incurred or within six months hereafter will incur a binding obligation to one or more unrelated parties involving an expenditure of not less than 5% of Net Sale Proceeds. Allocations of Net Sale Proceeds to costs of issuing the Bonds and costs of the Project will proceed with due diligence. Amounts deposited into the Building Fund and retained by the Underwriter, and Investment Proceeds earned thereon, will be invested without regard to yield through August 31, 2008.

**3.7 No Other Replacement Proceeds.** Neither the Issuer nor any related person will use any Gross Proceeds of the Bonds directly or indirectly to replace funds of the Issuer or any related person, which funds are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Bonds. The weighted average maturity of the Bonds does not exceed 120% of the expected weighted average economic useful life of the Project.

**3.8 No Overissuance.** Taking into account anticipated investment earnings, proceeds from the sale of the Bonds do not exceed the amount necessary to pay costs of the Project and to pay costs of issuing the Bonds.

**3.9 No Abusive Arbitrage Device.** The Bonds are not and will not be part of a transaction or series of transactions that (a) enables the Issuer or any related person to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (b) overburdens the market for tax-exempt obligations in any manner, including, without limitation, by selling bonds that would not otherwise be sold, or selling more bonds, or issuing bonds sooner, or allowing bonds to remain outstanding longer, than otherwise would be necessary.

3.10 **No Expected Sale.** It is not expected that the Project or any part thereof financed in whole or in part by the Bonds will be sold or otherwise disposed of before August 1, 2030, the last scheduled maturity date of the Bonds.

#### ARTICLE IV. ARBITRAGE - YIELD AND YIELD RESTRICTION

4.1 **Yield.** For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(b) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5. Thus, yield on the Bonds or yield on Investment Property generally means that discount rate which, when used in computing the present value of all unconditionally payable payments representing principal adjusted, as required, for any substantial discounts, interest and costs of qualified guarantees, produces an amount equal to the issue price of the Bonds or the purchase price of the Investment Property, as appropriate. The aggregate issue price of the Bonds is \$148,454,326.45, which represents the price at which the Bonds were offered to the ultimate purchaser(s), as represented by the Underwriter in Exhibit A hereto. The yield on the Bonds has been calculated to be at least 4.165528%.

4.2 **Qualified Guarantee.** In calculating the yield on the Bonds, the premium paid to the Insurer for the Insurance has been treated as a qualified guarantee payment, as provided in Treasury Regulations Section 1.148-4(f). This is based upon (i) representations of the Insurer (set forth in the certificate attached hereto as Exhibit C) as to the Insurance issued by it, that the premium for the Insurance was negotiated at arm's length and is within the normal range of charges charged by the Insurer for the transfer of credit risk with respect to similar tax-exempt bonds, and that the premium paid for the Insurance does not include any direct or indirect payment for a cost, risk or other element that is not customarily borne by guarantors of tax-exempt bonds in transactions in which the guarantor has no involvement other than as guarantor and (ii) representations of the Underwriter (set forth in the certificate attached hereto as Exhibit A) that the present value of interest saved as a consequence of the Insurance exceeds the present value of the premium paid for the Insurance, and that the premium paid for the Insurance is not unreasonable.

4.3 **No Qualified Hedges.** No contract has been and (absent an Opinion of Counsel) no contract will be entered into such that failure to take the contract into account would distort the yield on the Bonds or otherwise would fail clearly to reflect the economic substance of the transaction.

4.4 **Yield Restriction.** Absent an Opinion of Counsel, if (A) after August 31, 2008, the sum of (i) all unspent Sale Proceeds of the Bonds, and (ii) all Investment Proceeds with respect thereto remaining unspent after a one-year period beginning on the date of receipt of such Investment Proceeds, plus (B) any amounts held in Bona Fide Debt Service Funds and remaining unexpended after 13 months from the date of accumulation in any such funds, at any time in the aggregate exceeds \$100,000, the excess will be invested either (i) in Investment Property with a yield not exceeding the yield on the Bonds, (ii) in assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds), or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii). See also Section 3.4.4 of this Tax Certificate for special yield restrictions that may be applicable to the Reasonably Required Reserve Amount.

## ARTICLE V. REBATE

5.1 **Undertakings.** Pursuant to the Resolution, the Issuer has covenanted to comply with certain requirements of the Code. The Issuer acknowledges that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. (Treas. Reg. Sections 1.148-1 through 1.148-11, 1.150-1 and 1.150-2.) The Issuer further acknowledges that the United States Department of the Treasury may yet issue additional regulations with respect to certain other of these undertakings. The Issuer covenants that it will undertake to determine what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may apply to the Bonds. Except to the extent inconsistent with any requirements of the Code or future regulations, the Issuer will undertake the methodology described in this Tax Certificate.

5.2 **Recordkeeping.** The Issuer shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

### 5.3 **Rebate Requirement Calculation and Payment.**

(a) Subject to the exceptions described in Section 5.4 hereof, beginning at the end of the second Bond Year, the Issuer will prepare or cause to be prepared an annual calculation of the Rebate Requirement consistent with the rules described in this Section 5.3. The Issuer will complete the annual calculation of the Rebate Requirement within 55 days after the close of each Bond Year and within 55 days after the first date on which there are no outstanding Bonds.

(b) For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations, as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment.

(c) The Issuer shall pay to the United States Department of the Treasury not later than 60 days after the end of the fifth Bond Year and each succeeding fifth Bond Year, an amount equal to 90% and, not later than 60 days after the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the end of the immediately preceding Bond Year), all as set forth in Section 1.148-3 of the Treasury Regulations.

(d) Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, UT 84201, on or before the date such payment is due, and shall be accompanied by Form 8038-T. The Issuer shall retain records of the calculations required by this Section 5.3 until six years after the retirement of the last of the Bonds.

#### 5.4 Exceptions from Rebate Requirement.

(a) **Bona Fide Debt Service Funds Exception.** Bona Fide Debt Service Funds may be exempted from the Rebate Requirement.

(b) **Two-Year Construction Expenditures Exception.** In determining the amount of Available Construction Proceeds (i) as of the first three dates set forth below, there shall be included the total amount of investment earnings on amounts held in the Building Fund reasonably expected as of the Closing Date and (ii) as of the fourth date set forth below, there shall be included the total amount of investment earnings on amounts held in the Building Fund actually received or accrued as of such date. To that end, the Issuer reasonably expects the investment earnings during the two year period to be approximately \$3,950,000. See Section 1.6 of this Tax Certificate, defining "Available Construction Proceeds." The Issuer reasonably expects that at least 75% of Available Construction Proceeds will be expended for construction expenditures with respect to the Project. For this purpose, construction expenditures include costs of reconstruction and rehabilitation, but do not include costs of acquiring any interest in land or other existing real or personal property. In general, no rebate calculations will be required in respect of Available Construction Proceeds if Available Construction Proceeds in fact are spent at least as quickly as follows:

- 10% within six months after the Closing Date
- 45% within twelve months after the Closing Date
- 75% within eighteen months after the Closing Date
- 100% within twenty-four months after the Closing Date

The requirement that 100% of Available Construction Proceeds be spent within twenty-four months after the Closing Date will be met if at least 95% of Available Construction Proceeds is spent within twenty-four months and the remainder is held as a reasonable retainage, as permitted by contracts with the Issuer's contractors, and such remainder is spent within thirty-six months after the Closing Date. Pursuant to Treasury Regulations Section 1.148-7(i)(2), the Issuer elects to exclude earnings attributable to the Reasonably Required Reserve Amount for the calculation of Available Construction Proceeds due to the uncertainty of the amount constituting the Reasonably Required Reserve Amount. See Section 3.4.4 herein.

5.5 **Investments and Dispositions.** (a) **General Rule.** No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property.

(b) **Fair Market Value.** In general, the fair market value of any Investment Property is the price a willing buyer would pay to a willing seller to acquire the Investment Property,

with no amount paid artificially to reduce or increase the yield on such Investment Property. This Section 5.5 describes various safe harbors for determining fair market value. With an Opinion of Counsel, other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of Section 1.148-5(d)(6) of the Treasury Regulations.

(c) **Arm's-length Purchases and Sales.** If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations).

(d) **SLGS.** If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

(e) **Investment Contracts.** The purchase price of any Investment Property acquired pursuant to an investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations are satisfied. With respect to any investment contract, the Issuer will obtain from any provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the Issuer to determine that these requirements are satisfied.

General Rule. Pursuant to Section 1.148-5 of the Treasury Regulations, the purchase price of an investment contract will be considered to be fair market value if:

(1) the Issuer makes (or has made on its behalf) a bona fide written solicitation for the investment contract, timely forwarded to potential providers. The solicitation specifies all the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment). The solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification. The terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be received;

(2) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(3) the Issuer solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;



(4) the Issuer includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the issuer or any other person, and 3) the bid was not submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(5) the Issuer receives at least three (3) bids from providers that do not have a material financial interest in the issue (the following investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(6) at least one (1) of the bids received by the Issuer that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(7) if an agent for the Issuer conducts the bidding process, the agent does not bid;

(8) the winning bid is the highest yielding bona fide bid (determined net of any broker's fees); and

(9) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Issuer, including any fees paid as broker commissions in connection with the investment contract.

(f) **Deemed Acquisition or Sale.** The fair market value of any Investment Property not directly purchased with Gross Proceeds for which there is an established securities market generally is the price at which a willing buyer would purchase Investment Property from a willing seller in a bona fide, arm's length transaction.

(g) **Certificates of Deposit.** The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal, will be considered to be fair market value if:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof which is currently available on comparable certificates of deposit offered to the public.

(h) **Broker Compensation.** For purposes of computing the Yield on any investment contract acquired through a broker, reasonable compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract, may be taken

into account in determining the cost of the investment contract (as provided in Section 1.148-5(e)(2)(iii) of the Treasury Regulations). Compensation is deemed reasonable if does not exceed the lesser of (i) \$30,000 or (ii) 0.2% of the amount reasonably expected, as of the date of acquisition of the investment contract, to be invested under the investment contract over its term, or \$3,000 (if 0.2% of such amount reasonably expected to be invested under the investment contract over its term is less than \$3,000). In addition, the total fees received by the broker with respect to the investment of any proceeds of the Bonds that are taken into account with respect to all investment contracts, at any time, may not exceed \$85,000. All amounts referenced are to be adjusted for inflation after the Closing Date.

5.6 **Segregation of Proceeds.** In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer shall cause to be established separate accounts or subaccounts, or shall cause the Auditor-Controller of the County of Alameda to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

5.7 **Filing Requirements.** The Issuer will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

5.8 **Retention of Firm.** The Issuer hereby undertakes to satisfy its obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds in the manner set forth in Exhibit B hereto.

## ARTICLE VI. OTHER MATTERS

6.1 **Expectations.** The undersigned is an authorized representative of the Issuer acting for and on behalf of the Issuer in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

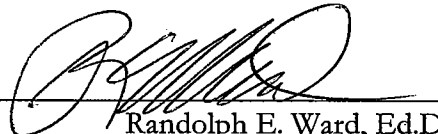
6.2 **Amendments.** Notwithstanding any other provision of this Tax Certificate, the Issuer may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is signed by an authorized officer and is supported by an Opinion of Counsel.

6.3 **Survival of Defeasance.** Notwithstanding any provision in this Tax Certificate or the Resolution to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive defeasance of the Bonds.

Dated: August 31, 2005.

OAKLAND UNIFIED SCHOOL DISTRICT

By

  
\_\_\_\_\_  
Randolph E. Ward, Ed.D  
State Administrator

**EXHIBIT A**

**CERTIFICATE OF THE UNDERWRITER**

Citigroup Global Markets Inc. has served as the underwriter of \$141,000,000 aggregate principal amount of General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds") issued by Oakland Unified School District (the "Issuer"). Citigroup Global Markets Inc. hereby certifies and represents the following:

**A. Issue Price.**

1. As of August 23, 2005 (the "Sale Date"), the underwriter had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices or yields shown on the attached Schedule A.

2. The prices or yields shown on the attached Schedule A represent fair market prices of the Bonds as of the Sale Date.

3. As of the date of this certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices or yields shown on the attached Schedule A, and at least 10% of each maturity of the Bonds has been sold to the general public at such prices or yields.

**B. Qualified Guarantee.**

Based on the attached calculations, the present value of the interest saved as a consequence of the municipal bond insurance policy (the "Insurance") issued by MBIA Insurance Corporation exceeds the present value of the premium paid for the Insurance, and the premium paid for the Insurance is not unreasonable.

Dated: August 31, 2005.

CITIGROUP GLOBAL MARKETS INC.

By

  
Authorized Representative

## SCHEDULE A

<u>Payment Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Reoffering</u> <u>Price</u>
2006	\$ 400,000	3.000%	100.223%
2007	400,000	3.000	100.276
2008	1,410,000	3.000	100.137
2009	2,455,000	3.000	99.815
2010	3,485,000	5.000	107.937
2011	4,155,000	5.000	108.674
2012	4,925,000	5.000	109.205
2013	5,730,000	5.000	109.638
2014	6,580,000	5.000	109.873
2015	7,385,000	5.000	110.443
2016	4,815,000	5.000	109.488
2017	5,060,000	5.000	109.143
2018	5,310,000	4.000	99.498
2019	5,575,000	4.000	99.049
2020	5,855,000	4.000	98.669
2021	6,150,000	5.000	108.031
2022	6,455,000	5.000	107.776
2023	6,780,000	5.000	107.522
2024	7,115,000	5.000	107.185
2025	7,475,000	5.000	107.017
2026	7,845,000	5.000	106.765
2027	8,240,000	5.000	106.514
*2030	27,400,000	4.500	100.075

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\* Term Bond

## EXHIBIT B

### RESPONSIBILITY FOR REBATE CALCULATION

On behalf of Oakland Unified School District (the "Issuer"), the undersigned hereby certifies, represents and warrants with respect to the General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), being issued on the date hereof in the principal amount of \$141,000,000.00, that the Issuer:


*[Check one, and complete appropriate blanks]*

- has engaged or intends to engage the firm of Bond Logistix LLC to perform any rebate calculations that may be required to be made from time to time with respect to the Bonds.
- has engaged or intends to engage the firm of Arbitrage Compliance Specialists to perform any rebate calculations that may be required to be made from time to time with respect to the Bonds.
- The [insert name or department] of the Issuer has undertaken full responsibility for performing rebate calculations that may be required to be made from time to time with respect to the Bonds.
- has decided not, at this time, to designate a party responsible for performing rebate calculations that may be required to be made from time to time with respect to the Bonds and as a result undertakes and assumes full responsibility for rebate compliance and acknowledges that neither BondLogistix LLC nor Orrick, Herrington & Sutcliffe LLP has any such responsibility (unless later engaged in writing for such purpose).

Dated: August 31, 2005.

OAKLAND UNIFIED SCHOOL DISTRICT

By



Randolph E. Ward, Ed.D  
State Administrator

**EXHIBIT C**

**CERTIFICATE OF THE INSURER**

(furnished by MBIA Insurance Corporation)



Capital Strength. Triple-A Performance.

**MBIA Insurance Corporation**  
113 King Street, Armonk, NY 10504  
Tel 914-273-4545  
www.mbia.com

## TAX CERTIFICATE

Oakland Unified School District  
1025 Second Avenue, Room 301  
Oakland, California 94606

RE: \$141,000,000 Oakland Unified School District, General Obligation Bonds, Election of 2000, Series 2005  
(the "Obligations")

Ladies and Gentlemen:

In connection with the issuance of the above-referenced obligations (the "Obligations"), MBIA Insurance Corporation (the "Insurer") is issuing a financial guaranty insurance policy (the "Policy") securing the payment of principal and interest on the Obligations.

This is to advise you that:

1. The Policy is an unconditional obligation of the Insurer to pay scheduled payments of principal and interest on the Obligations in the event of a failure to do so by the Oakland Unified School District (the "Issuer");
2. The insurance premium in the amount of \$715,000 for the Policy, represents the charge for a transfer of credit risk and was determined in arm's length negotiations and is required to be paid as a condition to the issuance of the Policy;
3. No portion of such premium represents an indirect payment of costs related to the issuance of the Obligations other than for the transfer of credit risk;
4. The Insurer does not reasonably expect that it will be called upon to make any payment under the Policy; and
5. To the extent the Insurer is called upon to make any payment under the Policy, the Insurer reasonably expects to pursue all available legal remedies to secure reimbursement for such payment.

Dated: August 31, 2005

**MBIA Insurance Corporation**

Assistant Secretary



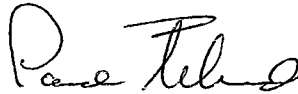
**\$ 140,000,000**  
**OAKLAND UNIFIED SCHOOL DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**ELECTION OF 2000, SERIES 2005**

**CERTIFICATE OF MAILING FORM 8038-G**

The undersigned, Paul Toland, states and certifies as follows:

That for and on behalf of the Oakland Unified School District, on the date hereof, I caused to be mailed an Information Return for Tax-Exempt Governmental Obligations Form 8038-G relating to the captioned Bonds, postage prepaid, via certified mail, return-receipt requested, to the Internal Revenue Service Center, Ogden Utah 84201, a true copy of which Information Return is hereto attached.

Dated: August 31, 2005.



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Paul Toland, Project Manager  
Orrick, Herrington & Sutcliffe LLP

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>			If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Oakland Unified School District</b>		2 Issuer's employer identification number <b>94 6002113</b>		
3 Number and street (or P.O. box if mail is not delivered to street address) <b>1025 Second Avenue</b>		Room/suite <b>301</b>	4 Report number <b>3 2005-01</b>	
5 City, town, or post office, state, and ZIP code <b>Oakland, CA 94606-2212</b>			6 Date of issue <b>August 31, 2005</b>	
7 Name of issue <b>Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005</b>			8 CUSIP number <b>672325 PW1</b>	
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Javetta Robinson, Chief Financial Officer</b>			10 Telephone number of officer or legal representative <b>( 510 ) 879-8188</b>	

<b>Part II Type of Issue (check applicable box(es) and enter the issue price)</b> See instructions and attach schedule				
11 <input checked="" type="checkbox"/> Education		11	148,454,326	
12 <input type="checkbox"/> Health and hospital		12		
13 <input type="checkbox"/> Transportation		13		
14 <input type="checkbox"/> Public safety		14		
15 <input type="checkbox"/> Environment (including sewage bonds)		15		
16 <input type="checkbox"/> Housing		16		
17 <input type="checkbox"/> Utilities		17		
18 <input type="checkbox"/> Other. Describe ►		18		
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>				
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>				

<b>Part III Description of Obligations. Complete for the entire issue for which this form is being filed.</b>				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 August 1, 2030	\$ 148,454,326	\$ 141,000,000	15.699518 years	4.1655 %

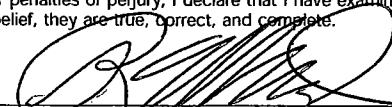
<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>				
22 Proceeds used for accrued interest		22	0	
23 Issue price of entire issue (enter amount from line 21, column (b))		23	148,454,326	
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	1,176,830		
25 Proceeds used for credit enhancement	25	715,000		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27 Proceeds used to currently refund prior issues	27	0		
28 Proceeds used to advance refund prior issues	28	0		
29 Total (add lines 24 through 28)	29	1,891,830		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	146,562,496		

<b>Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)</b>	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	► _____

<b>Part VI Miscellaneous</b>	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 0
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a 0
b Enter the final maturity date of the guaranteed investment contract	N/A
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a 0
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer	_____ and the date of the issue ► _____
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box	<input type="checkbox"/>
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box	<input type="checkbox"/>
40 If the issuer has identified a hedge, check box	<input type="checkbox"/>

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

  
 Signature of issuer's authorized representative

Date

**Randolph E. Ward, Ed.D.**  
 State Administrator  
 Type or print name and title







NO-LITIGATION CERTIFICATE

---

The undersigned, Claude F. Kolm, Deputy County Counsel of the County of Alameda (the "County"), State of California, does hereby certify in connection with the issuance by the County on behalf of the Oakland Unified School District (the "District"), located in the County, of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), the following:

(i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending, or to the best of my knowledge threatened, against the County in any way affecting the existence of the County or in any way challenging the title to their respective offices of the several officers of the County who have executed the Bonds and other documents in connection with the delivery of the Bonds, or the respective powers of those offices;

(ii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending, or to the best of my knowledge threatened, against the County restraining or enjoining the issuance or delivery of said Bonds or any part thereof, or the levy or collection of taxes to pay the principal and interest thereof, or the authority of the County to pay said principal and interest when due, or concerning the validity of said Bonds.

Dated: August 31, 2005.

COUNTY COUNSEL  
COUNTY OF ALAMEDA

By:   
Deputy County Counsel

Number  
R-\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF ALAMEDA

Amount  
\$ \_\_\_\_\_

OAKLAND UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2000, SERIES 2005

Dated as of August 31, 2005      Interest Rate \_\_\_\_\_%      Maturity Date August 1, \_\_\_\_\_      CUSIP NO. 672325 \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ DOLLARS

On behalf of the Oakland Unified School District, County of Alameda, State of California (herein called the "District"), the County of Alameda (the "County") hereby acknowledges itself obligated to and promises to pay, but only from taxes collected by the County for such purpose pursuant to Section 15250 of the Education Code of the State of California, to the registered owner identified above or registered assigns, on the maturity date set forth above, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2006, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on January 15, 2006, it shall bear interest from the date hereof. If authenticated during the period between a Record Date (as defined below) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the Resolution hereinafter described) of the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"), initially U.S. Bank National Association. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15<sup>th</sup> day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made by wire transfer as provided in the Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$141,000,000, and designated as "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (the "Bonds"). The Bonds were authorized by a vote of at least two-thirds of the voters voting at an election duly and legally called, held and conducted in the District on March 7, 2000. The Bonds are issued and sold by the Board of Supervisors of the County, pursuant to and in strict conformity with the provisions of the Constitution and laws of the State of California, and of a resolution (herein called the "Resolution") adopted by said Board of Supervisors on June 28, 2005, and subject to the more particular terms specified in the Certificate of Award of the Bonds executed by the Treasurer of the County on August 23, 2005.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as

provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest rate, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same series, interest rate, and same aggregate principal amount and maturity will be issued to the transferee in exchange herefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation payable out of the interest and sinking fund of the District, and the money for the payment of principal of and interest on this bond shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the Board of Supervisors of the County of Alameda has caused this bond to be signed by its Chair and by the Treasurer-Tax Collector of the County, and such signatures to be countersigned by the Clerk of said Board, as of the date set forth above.

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Chair of the Board of  
Supervisors of the County of Alameda

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Treasurer-Tax Collector of  
the County of Alameda

Countersigned:

---

Clerk of the Board of Supervisors



PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION

This is one of the OAKLAND UNIFIED School District General Obligation Bonds, Election of 2000, Series 2005, described in the within-mentioned Resolution and authenticated and registered on August 31, 2005.

U.S. BANK NATIONAL ASSOCIATION, San Francisco,  
California, as Paying Agent/Registrar and Transfer Agent

By \_\_\_\_\_  
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

## STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at U.S. Bank National Association, San Francisco, California.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to U.S. Bank National Association or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$141,000,000

OAKLAND UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS,  
ELECTION OF 2000, SERIES 2005

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

MBIA INSURANCE CORPORATION

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

I.D. Number \_\_\_\_\_

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
Notice: Signature must be guaranteed by an eligible guarantor institution.

## REDEMPTION SCHEDULE

**Optional Redemption.** Bonds maturing on or before August 1, 2015, shall not be subject to redemption prior to their respective stated maturity dates. Bonds maturing in each year beginning August 1, 2016, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2015. Bonds redeemed at the option of the District shall be redeemed at a price equal to 100% of the principal amount of the Bonds called for redemption on the redemption date, plus accrued interest to the date thereof. If less than all of the Bonds are called for redemption, such Bonds shall 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 such Bonds of a given maturity to be redeemed shall be determined by lot.

**Mandatory Sinking Fund Redemption.** The \$27,400,000 Term Bond maturing on August 1, 2030, 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
2028	\$8,650,000
2029	9,125,000
†2030	9,625,000

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† Maturity.

**OAKLAND UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
ELECTION OF 2000, SERIES 2005**

TABLE OF CUSIP IDENTIFICATION NUMBERS

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>CUSIP Number</u>
2006	\$400,000	672325 PW1
2007	400,000	672325 PX9
2008	1,410,000	672325 PY7
2009	2,455,000	672325 PZ4
2010	3,485,000	672325 QA8
2011	4,155,000	672325 QB6
2012	4,925,000	672325 QC4
2013	5,730,000	672325 QD2
2014	6,580,000	672325 QE0
2015	7,385,000	672325 QF7
2016	4,815,000	672325 QG5
2017	5,060,000	672325 QH3
2018	5,310,000	672325 QJ9
2019	5,575,000	672325 QK6
2020	5,855,000	672325 QL4
2021	6,150,000	672325 QM2
2022	6,455,000	672325 QN0
2023	6,780,000	672325 QP5
2024	7,115,000	672325 QQ3
2025	7,475,000	672325 QR1
2026	7,845,000	672325 QS9
2027	8,240,000	672325 QT7
*2030	27,400,000	672325 QU4

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\* Term Bond

DIRECTION TO REGISTRAR TO AUTHENTICATE BONDS

The undersigned Treasurer of the County of Alameda, California (the "County"), hereby directs U.S. Bank National Association as paying agent, registrar and transfer agent with respect to the \$141,000,000 aggregate principal amount of the Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005, to authenticate and deliver said Bonds in accordance with Section 4 of Resolution No. R-2005-279 adopted by the Board of Supervisors of the County on June 28, 2005. The County hereby confirms the appointment of U.S. Bank National Association as paying agent, registrar and transfer agent under said Resolution.

Dated: August 31, 2005



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Donald R. White  
Treasurer of the County of Alameda,  
State of California

CERTIFICATE OF PAYING AGENT

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The undersigned, U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America ("Bank"), does hereby certify that:

1. Bank is the Paying Agent under that certain Resolution No. R-2005-279 of the Board of Supervisors of the County of Alameda adopted June 28, 2005 (the "Resolution"), which Resolution was adopted at the request of the Oakland Unified School District (the "District") pursuant to a resolution of the State Administrator of the District duly passed and adopted on June 8, 2005, relative to the issuance and security of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds").

2. Bank is qualified to accept and perform the duties and obligations of the Paying Agent imposed upon the Paying Agent by the Resolution, and hereby confirms acceptance of such duties and obligations.

3. Pursuant to Section 4 of the Resolution, each of the Bonds has been duly authenticated on behalf of Bank, as Paying Agent, by the signing of Bank's Certificate of Authentication and Registration thereon by an authorized officer of Bank who was and is duly authorized to sign such Paying Agent's Certificate of Authentication and Registration on behalf of Bank.

4. Attached hereto is evidence of the delegation of signing authority of Bank, which is in full force and effect on the date hereof, giving requisite authority to such officers to perform the functions required by paragraph 3 above.

5. The Bonds have been examined by an officer of the undersigned and found to be substantially in the form prescribed by the Resolution and such officer has delivered the Bonds.

IN WITNESS WHEREOF, U.S. Bank National Association has caused this certificate to be executed by its officers thereunto duly authorized this day, August 31, 2005.

U.S. BANK NATIONAL ASSOCIATION

By 

Authorized Officer

Attested:

By 

Assistant Secretary

**U.S. BANK NATIONAL ASSOCIATION**  
**AUTHORIZED SIGNER(S)**

I hereby certify that the following is a true and exact extract of Article VI of the Bylaws presently in effect for U.S. Bank National Association, an association organized and existing under the laws of the United States:

**ARTICLE VI.**  
**CONVEYANCES, CONTRACTS, ETC.**

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

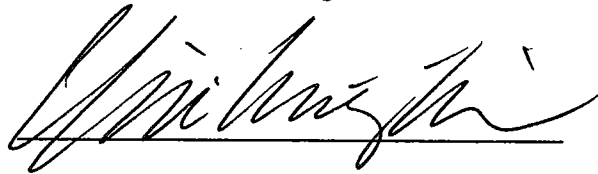
All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify Chii Ling Lei of U.S. Bank National Association, has been duly elected and qualified and now holds the office listed herein, and that the signature of such officer is authentic:

*Chii Ling Lei*  
*Vice President*

WILL SIGN:



IN WITNESS WHEREOF, I have hereunto set my hand to be affixed hereto this 31th day of August, 2005.

**U.S. Bank National Association**

By: Francine Rockett

  
\_\_\_\_\_  
*Vice President*



RECEIPT FOR BONDS

---

The undersigned, as the Purchaser of the bonds hereinafter described, does hereby certify that on the date set forth below it did receive the following bonds, to wit:

Title of Bonds: Oakland Unified School District General Obligation  
Bonds, Election of 2000, Series 2005

Principal Amount: \$141,000,000

Date of Bonds: August 31, 2005

Said bonds mature and bear interest as set forth in Schedule A, attached hereto.

The undersigned hereby acknowledges that all of said bonds have been checked, inspected and accepted by the Purchaser and found to be satisfactory as to form and substance.

The undersigned further acknowledges receipt of such documents, certificates and opinions required in connection with the issuance of said bonds and satisfaction by the Oakland Unified School District and by the County of Alameda of the terms and conditions of the Official Notice of Sale, dated August 16, 2005, relating to said bonds.

Dated: August 31, 2005

CITIGROUP GLOBAL MARKETS INC.

By

  
Authorized Officer



**Blanket Issuer Letter of Representations**  
 [To be Completed by Issuer]

Oakland Unified School District  
 [Name of Issuer]

August 22, 2000  
 [Date]

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
 55 Water Street; 50th Floor  
 New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

**Note:**

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Oakland Unified School District  
 (Issuer)

By: *Pete Yasitis*  
 (Authorized Officer's Signature)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY  
*Denise Russo*

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

Pete Yasitis, Deputy Superintendent, Bus. Svs.  
 (Type Name & Title)

1025 Second Avenue, Room 112  
 (Street Address)

Oakland, CA 94606  
 (City) (State) (Zip)

(510) 879-8186  
 (Phone Number)

## SCHEDULE A

### SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no 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 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.

[6. Redemption notices shall be sent to Cede & Co. 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. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.



# FINANCIAL GUARANTY INSURANCE POLICY

## MBIA Insurance Corporation Armonk, New York 10504

Policy No. 46863

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to U.S. Bank National Association, San Francisco, California or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$141,000,000  
Oakland Unified School District  
General Obligation Bonds  
Election of 2000, Series 2005

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

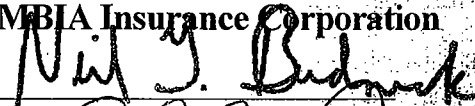
As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.


Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this 31st day of August, 2005.

MBIA Insurance Corporation  
  
President

Attest:   
Assistant Secretary



Capital Strength. Triple-A Performance.

**MBIA Insurance Corporation**  
113 King Street, Armonk, NY 10504  
Tel 914-273-4545  
www.mbia.com

August 31, 2005

U.S. Bank National Association  
San Francisco, California

\$141,000,000  
Oakland Unified School District  
General Obligation Bonds  
Election of 2000, Series 2005

Ladies and Gentlemen:

In connection with the above-described obligations (the "Obligations") of which you are acting as paying agent (the "Paying Agent"), please be advised that the payment to you of principal of and interest on the Obligations has been guaranteed by a policy of financial guaranty insurance (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"). U.S. Bank Trust National Association, New York, New York, (the "Fiscal Agent") is acting as the fiscal agent for the Insurer.

The Policy unconditionally and irrevocably guarantees to any owner or holder of the Obligations or, if applicable, of the coupons appertaining thereto (the "Owner"), the full and complete payment required to be made by or on behalf of the issuer of the Obligations (the "Issuer") to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference (a "Preference") to the Owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence are referred to collectively in this letter as the "Insured Amounts."

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligations. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Obligations upon tender by an Owner thereof; or (iv) any Preference relating to (i) through (iii) above.

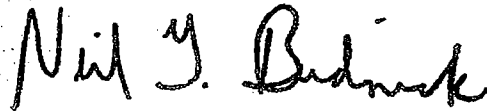
In the event that the Issuer does not make full and complete payment when due of the principal of and interest on the Obligations, please immediately notify, by telephone or telegraph, the Insurer, 113 King Street, Armonk, New York, 10504, (914) 273-4545. On the due date or within one business day after receipt of such notice, whichever is later, the Insurer will deposit funds with the Fiscal Agent sufficient to pay the Obligations (or, if applicable, coupons appertaining thereto) then due. Upon presentment and surrender of such Obligations (or, if applicable, coupons) or presentment of such other proof of ownership of Obligations together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for the Owners in any legal proceeding related to payment of Insured Amounts on the Obligations (or, if applicable, coupons), such instruments being in a form satisfactory to the Fiscal Agent, the Fiscal Agent shall disburse to you payment of the Insured Amounts due on such Obligations (and, if applicable, coupons), less any amount held by you for the payment of such Insured Amounts and legally available therefor.

Forms of such instruments of assignment and instruments to effect the appointment of the Insurer as such agent for the Owners (collectively, the "Claim Documents"), which are currently acceptable to the Fiscal Agent and the Insurer, are on file with the Fiscal Agent. The Insurer may, from time to time, file revised forms of Claim Documents with the Fiscal Agent in substitution for the forms previously filed with the Fiscal Agent, and upon such filing, the revised forms shall supersede all forms of Claim Documents previously filed with the Fiscal Agent, except as otherwise directed by the Insurer in writing.

In the event that you shall have prior knowledge of an impending failure by the Issuer to make payment on the Obligations (or, if applicable, coupons) when due, please immediately notify the Insurer so that it will be possible to have funds available for you on the due date to make payments against surrendered Obligations (and, if applicable, coupons).

Your cooperation in this matter will be most appreciated and will make it possible for the Owners of Obligations guaranteed by the Insurer to be assured of all payments when due.

Very truly yours,



Neil G. Budnick  
President



Capital Strength. Triple-A Performance.

**MBIA Insurance Corporation**  
113 King Street, Armonk, NY 10504  
Tel 914-273-4545  
www.mbia.com

August 31, 2005

Oakland Unified School District  
1025 Second Avenue, Room 301  
Oakland, California 94606

Citigroup Global Markets Inc.  
390 Greenwich Street, 2nd Floor  
New York, New York 10013

\$141,000,000  
Oakland Unified School District  
General Obligation Bonds  
Election of 2000, Series 2005

Ladies and Gentlemen:

I am Deputy General Counsel of the MBIA Insurance Corporation, a New York corporation (the "Corporation"), and have acted as counsel to the Corporation in connection with the issuance of Financial Guaranty Insurance Policy No. 46863 (the "Policy") relating to \$141,000,000 Oakland Unified School District, General Obligation Bonds, Election of 2000, Series 2005.

In so acting, I have examined a copy of the Policy and such other relevant documents as I have deemed necessary.

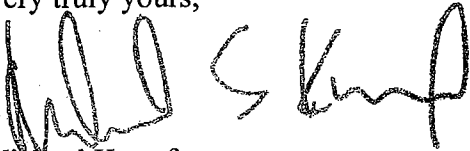
Based upon the foregoing, I am of the following opinion:

1. The Corporation is a stock insurance corporation, duly incorporated and validly existing under the laws of the State of New York and is licensed and authorized to issue the Policy under the laws of the State of New York and the State of California.



2. The Policy has been duly executed and is a valid and binding obligation of the Corporation enforceable in accordance with its terms except that the enforcement of the Policy may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Knopf". The signature is stylized and cursive.

Michael Knopf  
Deputy General Counsel



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP  
THE ORRICK BUILDING  
405 HOWARD STREET  
SAN FRANCISCO, CA 94105-2669  
tel 415-773-5700  
fax 415-773-5759  
WWW.ORRICK.COM

August 31, 2005

State Administrator  
Oakland Unified School District  
Oakland, California

Oakland Unified School District  
General Obligation Bonds, Election of 2000, Series 2005  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of Alameda, California (the "County"), on behalf of the Oakland Unified School District (the "District"), which is located in the County, of \$141,000,000 aggregate principal amount of bonds designated as "Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005" (the "Bonds"), representing part of an issue in the aggregate principal amount of \$303,000,000 authorized at an election held in the District on March 7, 2000. The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on June 28, 2005 (the "County Resolution"), at the request of the District pursuant to a resolution of the State Administrator of the District adopted on June 8, 2005 (the "District Resolution").

In such connection, we have reviewed the District Resolution, the County Resolution, 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 and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the District Resolution, the County Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. 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



O R R I C K

State Administrator  
Oakland Unified School District  
August 31, 2005  
Page 2

validity against, any parties other than the District and the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure 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 District Resolution, the County Resolution, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, 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 or counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, severability, or waiver provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials 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 valid and binding obligations of the District.
2. The District Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The County Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the County.
4. 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.
5. 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 interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income.



ORRICK

State Administrator  
Oakland Unified School District  
August 31, 2005  
Page 3

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

OAKLAND UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION  
BONDS, ELECTION OF 2000, SERIES 2005

Interested Parties List  
as of 8/30/2005

**ALAMEDA COUNTY OFFICE**  
**OF EDUCATION**

**Alameda County Office of Education**  
313 West Winton Avenue, #343  
Hayward , CA 94544-1198

Lou Highlander  
Associate Superintendent, Business  
Services  
Email: louh@acoe.k12.ca.us

PHONE: (510) 670-4279  
FAX: (510) 670-4102

Carlene Naylor  
Associate Superintendent, Business  
Services  
Email: cnaylor@acoe.k12.ca.us

PHONE: (510) 670-4271  
FAX: (510) 670-4572

**COUNTY**

**County of Alameda**  
1221 Oak Street  
Room 131  
Oakland, CA 94612-4685

([www.co.alameda.ca.us/](http://www.co.alameda.ca.us/))

Crystal Hishida  
Clerk of the Board of Supervisors  
Email: crystal.hishida@acgov.org

PHONE: (510) 272-3882  
FAX: (510) 272-3784

Terri Lauigan  
Assistant Treasurer-Tax Collector  
Email: terri.lauigan@acgov.org

PHONE: (510) 272-6803  
FAX: (510) 272-3856

**County of Alameda**  
1221 Oak Street  
Oakland, CA 94612

([www.co.alameda.ca.us/](http://www.co.alameda.ca.us/))

Tom Lum  
Tax Manager  
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PHONE: (510) 272-6557  
FAX: (510) 272-6502

Donald R. White  
Treasurer-Tax Collector

PHONE: (510) 272-6801  
FAX: (510) 208-3856

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**County of Alameda**

1221 Oak Street  
Room 463  
Oakland, CA 94612

Patrick O'Connell  
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PHONE: (510) 272-6565  
FAX: (510) 272-9587

**ISSUER**

**Oakland Unified School District**

1025 Second Avenue  
Room 301  
Oakland, CA 94606-2212

Roy Combs  
Email: roy.combs@ousd.k12.ca.us

PHONE: (510) 879-8268  
FAX: (510) 879-1833

Edgar Rakestraw Jr.  
Secretary  
Email: edgar.rakestraw@ousd.k12.ca.us

PHONE: (510) 879-8658  
FAX: (510) 879-8800

Javetta Robinson  
Chief Financial Officer  
Email: javetta.robinson@ousd.k12.ca.us

PHONE: (510) 879-8188  
FAX: (510) 879-8836

Randolph E. Ward  
State Administrator  
Email: randolph.ward@ousd.k12.ca.us

PHONE: (510) 879-8200  
FAX: (510) 879-8800

**Oakland Unified School District**

955 High Street  
Oakland, CA 94601

Tim White  
Asst. Superintendent  
Email: timothy.white@ousd.k12.ca.us

PHONE: (510) 879-8577  
FAX: (510) 879-1860

**COUNTY COUNSEL**

**County of Alameda**

County Administration Building  
1221 Oak Street  
Oakland, CA 94612

PHONE: (510) 272-6347  
(<http://www.co.alameda.ca.us/>)

Claude F. Kolm  
Deputy County Counsel

PHONE: (510) 272-6710

Email: ckolm@co.alameda.ca.us

## **BOND COUNSEL**

### **Orrick, Herrington & Sutcliffe LLP**

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Sacramento, CA 95814

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PHONE: (916) 329-7963  
FAX: (916) 329-4900

### **Orrick, Herrington & Sutcliffe LLP**

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405 Howard Street  
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FAX: (415) 773-5759  
(www.orrick.com)

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Eugene Clark-Herrera Esq  
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FAX: (415) 773-5759

John Hartenstein  
Bond Counsel  
Email: hartenstein@orrick.com

PHONE: 415-773-4129  
FAX: 415-773-5759

## **UNDERWRITER**

### **Citigroup Global Markets, Inc. (Closing)**

390 Greenwich Street  
2nd Floor  
New York, NY 10013

Emmanuel Kitcher  
Trading Desk  
Email: emmanuel.n.kitcher@citigroup.com

PHONE: (212) 723-7095  
FAX: (212) 723-8951

Mary Jo Murphy  
Closing Contact  
Email: mary.jo.murphy@citigroup.com

PHONE: (212) 703-7095  
FAX: (212) 723-8951

James Quinn  
Closing Contact  
Email: james.quinn@citigroup.com

PHONE: (212) 723-8951  
FAX: (212) 723-8951

Charles Reed  
Vice President (Trader)

PHONE: (212) 723-7093  
FAX: (212) 723-8951

Email: [charles.reed@citigroup.com](mailto:charles.reed@citigroup.com)

## **PAYING AGENT**

### **U.S. Bank National Association**

Corporate Trust Services

Mail Station: SF-CA-SF

One California Street, Suite 2550

San Francisco, CA 94111

Karen Lei

Email: [karen.lei@usbank.com](mailto:karen.lei@usbank.com)

PHONE: (415) 273-4540

FAX: (415) 273-4590

## **FINANCIAL ADVISORY**

### **Kelling, Northcross & Nobrigo**

1333 Broadway

Suite 1000

Oakland, CA 94612

PHONE: (510) 839-8200

Janice Day

Associate

Email: [jday@knninc.com](mailto:jday@knninc.com)

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FAX: (510) 208-8282

Ruth Alahydoian

Vice President

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PHONE: (510) 208-8203

FAX: (510) 208-8282

## **BOND INSURER**

### **MBIA Insurance Corporation**

([www.mbia.com](http://www.mbia.com))

113 King Street

Armonk, NY 10504

Joanne DeGennaro

Associate

Email: [joanne.degennaro@mbia.com](mailto:joanne.degennaro@mbia.com)

PHONE: 914-765-3864

FAX: 914-765-3161

### **MBIA Insurance Corporation**

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150 California Street

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Shari Sacks

Vice President

Email: [shari.sacks@mbia.com](mailto:shari.sacks@mbia.com)

PHONE: (415) 352-3051

FAX: (415) 352-1842

## **CONTINUING DISCLOSURE**



## **PROVIDER**

### **Digital Assurance Certification**

390 North Orange Avenue  
17th Floor  
Orlando, FL 32801-1674

(www.dacbond.com)

Mark Hearon  
Vice President  
Email: mhearon@dacbond.com

PHONE: 201-864-9205  
FAX: 201-701-0416

## **PRINTER**

### **ImageMaster Financial Publishing, Inc.**

1182 Oak Valley Drive  
Ann Arbor, MI 48108

Daniel Rodriguez  
Senior Vice President  
Email: daniel@imagemaster.com

PHONE: (734) 821-2510  
FAX: (734) 821-2541

## **RATING AGENCIES**

### **Moody's Investors Service, Inc.**

One Front Street  
Suite 1900  
San Francisco, CA 94111

PHONE: (415) 274-1700  
FAX: (415) 274-1726  
(www.moody.com)

Dari Barzel  
Vice President  
Email: barzeld@moody.com

PHONE: (415) 274-1707  
FAX: (415) 274-1726

### **Standard & Poor's**

One Market Street  
Stuart Tower  
15th Floor  
San Francisco, CA 94105

Gabriel J. Petek  
Director, Credit Market Services  
Email: gabriel\_petek@sandp.com

PHONE: (415) 371-5042  
FAX: (415) 371-5090

**WRITTEN ORDER OF THE DISTRICT  
REGARDING COSTS OF ISSUANCE**

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In connection with the delivery on this date of \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), the undersigned Authorized District Representative of the Oakland Unified School District (the "District"), County of Alameda, hereby authorizes and directs U.S. Bank National Association (the "Paying Agent") to pay authorized costs of issuance of the Bonds, evidenced from time to time by invoices submitted to you and authorized for payment by the undersigned or another authorized officer of the District from monies deposited by Citigroup Global Markets Inc. on this date in a costs of issuance account which you are hereby authorized to create and hold for the purpose, as required by the Official Notice of Sale relating to the Bonds.

Any balance remaining on deposit for said purposes at the close of business on February 27, 2006 (the 180th day following the date hereof), shall be the property of Citigroup Global Markets Inc., and U.S. Bank National Association is hereby directed to pay any such balance to the order of Citigroup Global Markets Inc. on or after that date. To the extent that costs of issuance of the Bonds exceed said amount or remain unpaid after said date, the District will pay such costs as are its responsibility from the Building Fund of the District or from any other lawfully available funds.

Dated: August 31, 2005.

OAKLAND UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_



Randolph E. Ward, Ed.D  
State Administrator

**PURCHASER'S CERTIFICATE REGARDING COSTS OF ISSUANCE  
AND DIRECTION TO U.S. BANK NATIONAL ASSOCIATION**

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The undersigned, as the Purchaser of the \$141,000,000 aggregate principal amount of Oakland Unified School District General Obligation Bonds, Election of Election of 2000, Series 2005 (the "Bonds"), does hereby certify and agree, and direct U.S. Bank National Association, as follows:

1. The Purchaser has, as of this date, caused \$255,000 to be deposited with U.S. Bank National Association.

2. U.S. Bank National Association is hereby directed to apply said funds to pay authorized costs of issuance of the Bonds as directed by the District from time to time, pursuant to the Written Order of the District Regarding Costs of Issuance dated this date, all as provided in the Official Notice of Sale relating to the Bonds.

3. U.S. Bank National Association is hereby directed to pay to us any balance remaining on deposit for said purposes at the close of business on February 27, 2006 (the 180th day after the date hereof), as directed by the Written Order of the District Regarding Costs of Issuance.

Dated: August 31, 2005.

CITIGROUP GLOBAL MARKETS INC.

By  \_\_\_\_\_  
Authorized Officer

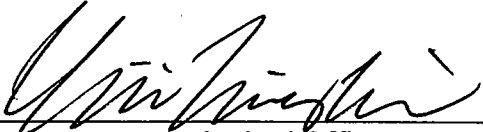
**PAYING AGENT'S CERTIFICATE REGARDING COSTS OF ISSUANCE**

The undersigned, U.S. Bank National Association, acting as Paying Agent (the "Paying Agent") for the Oakland Unified School District General Obligation Bonds, Election of 2000, Series 2005 (the "Bonds"), hereby certifies as follows:

1. The Paying Agent has, as of this date, received \$255,000 from Citigroup Global Markets Inc. (the "Purchaser") in connection with the sale of the Bonds.
2. The Paying Agent will use said funds to pay authorized costs of issuance of the Bonds as directed by the District from time to time pursuant to the Written Order of the District Regarding Costs of Issuance dated this date, all as provided in the Official Notice of Sale relating to the Bonds.
3. The Paying Agent will pay the Purchaser any balance remaining on deposit for said purposes at the close of business on February 27, 2006 (the 180th day following the date hereof), as directed by the Written Order of the District Regarding Costs of Issuance.

Dated: August 31, 2005

U.S. BANK NATIONAL ASSOCIATION

By   
Authorized Officer



**CERTIFICATE OF MBIA INSURANCE CORPORATION**

I, Adam M. Carta, Assistant Secretary of MBIA Insurance Corporation, do hereby certify that the information concerning MBIA Insurance Corporation and its policies as set forth in the Official Statement, dated August 23, 2005 under the caption "Bond Insurance", regarding \$141,000,000 Oakland Unified School District, General Obligation Bonds, Election of 2000, Series 2005, is accurate.

IN WITNESS WHEREOF, I hereunto set my hand and deliver this Certificate on this 31st day of August, 2005.

A handwritten signature in cursive script, appearing to read "Adam M. Carta", written over a horizontal line.

Assistant Secretary