

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2019

NEW ISSUES – FULL BOOK-ENTRY-ONLY

**RATINGS: Series A-1: Standard & Poor's: "SP-1+"
Series A-2: Standard & Poor's: "SP-1+"
(See "RATINGS" herein.)**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Participants, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes designated as and comprising interest with respect to the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the Participants, under existing statutes, interest on the Notes designated as and comprising interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

\$87,790,000*

**LOS ANGELES COUNTY SCHOOLS POOLED FINANCING PROGRAM
2019-20 POOLED TRAN PARTICIPATION CERTIFICATES
SERIES A**

**Evidencing and Representing Proportionate and Undivided Interests
of the Owners Thereof in 2019-20 Tax and Revenue Anticipation Notes of
Certain Los Angeles County School Districts**

\$56,045,000*

**LOS ANGELES COUNTY SCHOOLS POOLED
FINANCING PROGRAM
2019-20 POOLED TRAN PARTICIPATION CERTIFICATES
SERIES A-1**

\$31,745,000*

**LOS ANGELES COUNTY SCHOOLS POOLED
FINANCING PROGRAM
2019-20 POOLED TRAN PARTICIPATION CERTIFICATES
SERIES A-2**

Date of Issue: Date of Delivery

Maturity Dates: As shown on inside cover.

The Certificates will be delivered as fully registered certificates, without coupons, and when delivered will be registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. DTC will act as securities depository for the Certificates. Individual purchases of beneficial interests in the Certificates will be made in book-entry form only and in the principal amount of \$5,000 or any integral multiple thereof. **Purchasers of such beneficial interests will not receive physical delivery of the Certificates.** Principal and interest due with respect to the Certificates will be payable on the maturity date set forth on the inside cover hereof (the "Maturity Date") by the Treasurer and Tax Collector of the County of Los Angeles, acting as fiscal agent (in such capacity, the "Certificate Agent"), to DTC. Interest is payable on the basis of a 360-day year of twelve 30-day months. DTC will in turn remit such principal and interest to the DTC Participants (as hereinafter defined), who will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Certificates (see "DESCRIPTION OF THE CERTIFICATES – Book-Entry System" herein).

The Certificates will not be subject to prepayment prior to their respective maturities.

The Certificates evidence and represent a proportionate and undivided interest in (i) 2019-20 tax and revenue anticipation notes (individually, a "Note" and collectively, the "Notes") issued by certain school districts located within the County of Los Angeles (the "Participants") and (ii) debt service payments on the Notes attributable to the Certificates to be made by the respective Participants. Each Participant has pledged certain unrestricted revenues as described herein for the payment of the principal of and interest on its Note, but no Participant has any obligation to pay the principal of or interest on the Note of any other Participant. In accordance with California law and resolutions of the governing board of each Participant, the Notes are general obligations of the respective Participants payable out of the taxes, income, revenue, cash receipts, and other moneys of such Participants received or accrued by the Participant for the general fund of such Participant for Fiscal Year 2019-20 and, to the extent the Notes are not paid from revenues pledged for the payment of the Notes, the Notes shall be paid with interest thereon from any other moneys of the Participants lawfully available therefor. Payments by a Participant of the principal of and interest on its Note shall fully discharge the obligations of such Participant to the Owners of the Certificates, notwithstanding nonpayment by one or more other Participants.

The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under the applicable Participant Resolution and Note.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Certificates will be offered when, as and if executed and delivered to and received by the Underwriters, subject to approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Certificates, in book-entry form, will be available for delivery through the facilities of DTC on or about August 28, 2019.

RBC CAPITAL MARKETS

STIFEL

Dated: August __, 2019

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. 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 registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$87,790,000*

**LOS ANGELES COUNTY SCHOOLS
POOLED FINANCING PROGRAM
2019-20 POOLED TRAN
PARTICIPATION CERTIFICATES
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\$56,045,000* \$31,745,000*
SERIES A-1 SERIES A-2

Principal Amounts, Interest Rates, Yields and CUSIP

<u>Series</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Priced to Yield</u>	<u>CUSIP No. (54515E)⁽¹⁾</u>	<u>Maturity Date</u>
A-1	\$56,045,000				June 1, 2020
A-2	31,745,000				June 1, 2020

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriters, the Participants, nor the County is responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Preliminary; subject to change.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Participants. The information set forth in this Official Statement has been obtained from the Participants, the County of Los Angeles (see the caption "THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS") and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the Participants since the date hereof. This Official Statement does not constitute an offer to sell the Certificates in any state or other jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

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

All summaries of the Notes, the Trust Agreements, the Resolutions (each as defined herein) and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions.

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

This Official Statement is submitted in connection with the execution and delivery of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast" or other similar words.

This Preliminary Official Statement has been "deemed final" by the Participants for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FORWARD-LOOKING STATEMENTS. NO ASSURANCE IS GIVEN THAT ACTUAL RESULTS WILL MEET THE FORECASTS CONTAINED HEREIN IN ANY WAY. THE PARTICIPANTS DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR DO NOT OCCUR.

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

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE TRANSACTION.....	2
THE PARTICIPANTS.....	3
DESCRIPTION OF THE CERTIFICATES	4
The Certificates.....	4
Book-Entry System.....	4
SOURCES OF PAYMENT FOR THE CERTIFICATES	6
The Notes.....	6
Assignment of Notes.....	6
Pledged Revenues	7
Intercept Procedure	7
Repayment Funds	8
Investment of Note Proceeds and Repayment Funds.....	8
THE TRUST AGREEMENTS	9
LIMITATIONS ON REMEDIES	10
No Joint Obligation.....	10
Limitation on Remedies.....	11
THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS.....	11
INVESTMENT OF PARTICIPANT FUNDS	13
PARTICIPANT FINANCES	13
General.....	13
Major Revenues	14
K-12 School Districts.....	14
<i>Ad Valorem</i> Property Taxes.....	16
Proposition 98	17
State Assistance	18
Federal Revenues	23
Financial Statements and Accounting Practices	23
Retirement Systems	24
Reports and Certifications.....	30
Budgets of Participants	31
State Emergency Loan Program	31
State Lottery.....	33
Insurance.....	33
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.....	33
Article XIII A of the California Constitution.....	33
Legislation Implementing Article XIII A	34
Article XIII B of the California Constitution.....	34
Unitary Property	34

Proposition 39	35
Proposition 46	35
Proposition 218	35
Proposition 1A	36
Proposition 30	37
Proposition 2	38
Proposition 22	39
Proposition 51	39
Future Initiatives	40
TAX MATTERS	40
Opinion of Bond Counsel	40
Certain Ongoing Federal Tax Requirements and Covenants	40
Certain Collateral Federal Tax Consequences	41
Bond Premium	41
Information Reporting and Backup Withholding	42
Miscellaneous	42
CONTINUING DISCLOSURE	42
LITIGATION	45
RATINGS	46
LEGAL MATTERS	46
MUNICIPAL ADVISOR	46
UNDERWRITING	47
MISCELLANEOUS	47
APPENDIX A – PARTICIPANT INFORMATION AND CASH FLOW STATEMENTS	A-1
APPENDIX B – COVERAGE ANALYSIS	B-1
APPENDIX C – PROPOSED FORM OF BOND COUNSEL OPINION	C-1

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OFFICIAL STATEMENT

\$87,790,000*

**LOS ANGELES COUNTY SCHOOLS
POOLED FINANCING PROGRAM
2019-20 POOLED TRAN
PARTICIPATION CERTIFICATES
SERIES A**

Evidencing and Representing Proportionate and Undivided Interests
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**LOS ANGELES COUNTY SCHOOLS POOLED
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2019-20 POOLED TRAN PARTICIPATION CERTIFICATES
SERIES A-1**

\$31,745,000*

**LOS ANGELES COUNTY SCHOOLS POOLED
FINANCING PROGRAM
2019-20 POOLED TRAN PARTICIPATION CERTIFICATES
SERIES A-2**

INTRODUCTION

This Official Statement, including the cover page, inside cover, table of contents and appendices, sets forth certain information concerning \$87,790,000* aggregate principal amount of the Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates, Series A, comprised of the \$56,045,000* aggregate principal amount of the Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates, Series A-1 (the “Series A-1 Certificates”), and \$31,745,000* aggregate principal amount of the Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates, Series A-2 (the “Series A-2 Certificates” and together with the Series A-1 Certificates, the “Certificates”). The Certificates evidence and represent proportionate and undivided interests in (1) 2019-20 Tax and Revenue Anticipation Notes (individually, a “Note” and collectively, the “Notes”) issued by certain school districts (collectively, the “Participants,” and with respect to the Series A-1 Certificates, the “Series A-1 Participants,” with respect to the Series A-2 Certificates, the “Series A-2 Participants”) located in the County of Los Angeles (the “County”) participating in such series and (2) the debt service payments on the Notes attributable to the Certificates to be made by the respective Participants. Each Note is issued pursuant to Article 7.6, Sections 53850 *et seq.*, and particularly under authority of Section 53853, of the California Government Code (the “Government Code”), and separate resolutions adopted by the governing board of each Participant (each, a “Participant Resolution” and collectively, the “Participant Resolutions”) and a resolution adopted by the Los Angeles County Board of Supervisors (the “Board of Supervisors”) on August 6, 2019 (the “County Resolution,” and collectively with the Participant Resolutions, the “Resolutions”).

The Certificates of each series will be executed and delivered by The Bank of New York Mellon Trust Company, N.A., acting as Certificate Agent (the “Certificate Agent”), pursuant to separate Trust Agreements, each dated as of August 1, 2019 related to each series of Certificates (the “Trust Agreements”), between the County and the Certificate Agent, as authorized by the Resolutions. See “THE PARTICIPANTS” herein for a listing of the Participants and APPENDIX A – “PARTICIPANT INFORMATION AND CASH FLOW STATEMENTS” and APPENDIX B – “COVERAGE ANALYSIS” for a summary description of certain information relating to each Participant.

* Preliminary; subject to change.

The Notes are being issued to provide operating cash for the Participants prior to their receipt of anticipated tax payments and other revenues. Imbalances in the Participants' cash flows, resulting from the timing of expenditures and receipts, require that the Participants borrow funds in order to meet all scheduled disbursements, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the Participants. Each Participant has pledged, pursuant to Section 53856 of the Government Code and its respective Participant Resolution, certain unrestricted revenues to be received by such respective Participant for the payment, when due, of the principal of and interest on its Note. No Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent that a Note is not paid from such pledged revenues of each Participant, such Note shall be paid, with interest thereon, from any other moneys of the affected Participant lawfully available therefor, pursuant to Section 53857 of the Government Code. See "SOURCES OF PAYMENT FOR THE CERTIFICATES" herein.

All quotations from and summaries and explanations of provisions of the laws of the State of California (the "State") and acts and proceedings of the Participants contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Certificates, the Notes and the proceedings of the Participants relating thereto are qualified in their entirety by reference to the definitive forms of the Certificates, the Notes and such proceedings. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the related Trust Agreement.

THE TRANSACTION

It is intended that on the date of issuance of the Notes and the execution and delivery of the Certificates (the "Closing Date"), pursuant to the related Trust Agreements, the following transactions shall occur simultaneously: (a) the County, acting through the County Treasurer and Tax Collector (the "Treasurer"), shall purchase the Notes and, simultaneously with such purchase, the Notes shall be assigned to and deposited with the Certificate Agent which shall hold the Series A-1 Notes in trust until June 1, 2020 (the "Series A-1 Maturity Date"), the Series A-2 Notes in trust until June 1, 2020 (the "Series A-2 Maturity Date" and along with the Series A-1 Maturity Date, the "Maturity Dates"); (b) the Certificate Agent shall sell the Certificates to, and such Certificates shall be purchased by, RBC Capital Markets, LLC and Stifel Nicolaus & Company, Incorporated (collectively, the "Underwriters") pursuant to a Purchase Contract by and between the Treasurer and RBC Capital Markets, LLC, as representative of the Underwriters; and (c) pursuant to the related Trust Agreements, the Certificate Agent shall execute and deliver the Certificates (in authorized denominations) to, and shall cause such Certificates to be registered in the name of, The Depository Trust Company ("DTC"), or its nominee, for the benefit of the beneficial owners of interests in the Certificates described herein ("Beneficial Owners").

The purchase price for the Notes shall be derived solely from the proceeds received from the sale of the Certificates, which shall be an amount equal to the principal amount of all of the Notes, less any discount, plus any premium. The Certificates shall represent undivided, proportionate interests in the Notes and the debt service payments to be made by the Participants under such Notes. Debt service payments made by the Participants with respect to their Notes, taking into consideration anticipated investment earnings thereon to the maturity date of the Notes, shall be remitted by the Treasurer by wire transfer to DTC or its nominee, which in turn will remit such payments to participants in DTC ("DTC Participants") for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE CERTIFICATES — Book-Entry System" herein. The Certificate Agent agrees to hold the Notes until their maturity for the benefit of the Beneficial Owners. Neither the Treasurer nor the Certificate Agent shall have any further liability with respect to payments of principal and interest with respect to the Certificates or any fiduciary responsibility to the Certificate owners or the Beneficial Owners except as expressly set forth in the related Trust Agreement or the terms of the Certificates. See "THE TRUST AGREEMENTS" herein.

Each Participant expects to apply all the proceeds of its Note during Fiscal Year 2019-20 for operating expenses incurred in such fiscal year. However, it is possible that a Participant may be able to use restricted funds on a temporary basis to pay such operating expenses. Such restricted funds, if used, will be required to be repaid by the Participant out of Note proceeds or other available funds.

THE PARTICIPANTS

The school districts participating in the financing herein described and the principal amounts of their respective Notes are set forth below:

Series A-1 Notes:

<u>Series A-1 Participants</u>	<u>Principal Amount*</u>
Beverly Hills Unified School District	\$10,890,000
Manhattan Beach Unified School District	10,200,000
Redondo Beach Unified School District	11,450,000
Santa Monica-Malibu Unified School District	<u>23,505,000</u>
Total:	\$56,045,000

Series A-2 Notes:

<u>Series A-2 Participants</u>	<u>Principal Amount*</u>
Burbank Unified School District	\$19,890,000
Duarte Unified School District	2,000,000
Hawthorne School District	4,855,000
William S. Hart Union High School District	<u>5,000,000</u>
Total:	\$31,745,000

DESCRIPTION OF THE CERTIFICATES

The Certificates

The Series A-1 Certificates will be executed and delivered as fully registered certificates in the aggregate principal amount of \$56,045,000*, and the Series A-2 Certificates will be executed and delivered as fully registered certificates in the aggregate principal amount of \$31,745,000*. The Certificates will be dated, will mature and will have an interest component calculated at the rates per annum, all as shown on the inside cover page hereof. Principal and interest with respect to the Certificates will be payable on the Maturity Date. Principal and interest due with respect to the Certificates will be payable by the Certificate Agent from amounts on deposit in the related Repayment Fund (the "Repayment Fund") (to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. The Certificates and the Notes evidenced thereby are not subject to prepayment prior to their maturity.

Book-Entry System

DTC will act as securities depository for the Certificates. The Certificates 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

* Preliminary; subject to change.

Certificate will be issued in the aggregate principal amount of each series of the Notes, and will be deposited with DTC.

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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities Certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a rating of AA+ assigned by S&P (as defined herein). The DTC Rules applicable to its Direct and Indirect Participants (collectively, the “DTC Participants”) are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Certificates are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by DTC Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as defaults and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and

transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Participants (or the Certificate Agent on behalf thereof) 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Certificates 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 Participants or Certificate Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC, the Certificate Agent, or the Participants, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Participants or Certificate Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Participants or Certificate Agent. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Participants believe to be reliable, but the Participants take no responsibility for the accuracy thereof.

SOURCES OF PAYMENT FOR THE CERTIFICATES

The Notes

The Certificates of each series evidence and represent proportionate and undivided interests in the Notes of such series and in debt service payments to be made thereon by the related Participants.

The Notes are general obligations of the respective Participants and, to the extent not paid from the Pledged Revenues (as defined herein) of the related Participant, shall be paid from any other moneys of such Participants lawfully available therefor. See "PARTICIPANT FINANCES" herein. However, except for the Pledged Revenues, the Participants are not prohibited from pledging, encumbering and utilizing other moneys for other purposes and there can be no assurance that such other moneys will be available for the payment of the principal and interest with respect to the Certificates and the Notes evidenced thereby. **No Participant has any obligation to pay the principal of or interest on the Note of any other Participant.**

Assignment of Notes

Pursuant to each Trust Agreement, the Notes and all right, title and interest therein and to all payments thereon, are irrevocably assigned, pledged and transferred to the Certificate Agent for the benefit of the registered owners of the related Certificates (the "Owners"). The debt service payments on the Notes shall be deposited into the related Repayment Fund and, together with anticipated investment earnings thereon, shall be used for the payment of the interest on and principal of the Certificates, and the Notes will not be pledged to or used for any other purpose while any of the Certificates remain outstanding. The assignment, transfer and pledge of the Notes to the Certificate Agent pursuant to the related Trust Agreement shall constitute a first and exclusive lien on the principal and interest payments of and all other rights under the Notes in accordance with the related Trust Agreement.

All principal and interest payments on the Notes shall be paid directly by each Participant to the Treasurer for deposit into such Participant's Repayment Fund and reinvested through the Maturity Date of such Participant's Note. All money in the Repayment Funds shall be held in trust for the benefit and security of the Registered Owners of the related series of Certificates. If the amount on deposit in a Participant's Repayment Fund is in excess of the amounts required to pay the principal of and interest due on such Participant's Note on the Maturity Date therefor, such excess amounts shall remain in such Participant's Repayment Fund and, subject to any rebate requirements as specified in the Tax Certificate of each Participant dated the date of delivery, shall be transferred to the general fund of such Participant following payment of the amount of Certificates corresponding to such Participant's Note. To the extent Note repayments are received from a Participant that are less than the amounts required to pay the principal of and interest due on such Participant's Note on the Maturity Date, the Certificate Agent shall apply the moneys received in the following order of priority: first, to pay interest on such Note; and second, to pay the principal of such Note.

Pledged Revenues

As security for the Notes, the Participants have each pledged certain Unrestricted moneys (the "Pledged Revenues"), and the principal of the Notes and the interest thereon shall constitute a first lien on and charge against the Pledged Revenues. "Unrestricted moneys" means taxes, income, revenue, cash receipts and other moneys attributable to Fiscal Year 2019-20 and intended as receipts for the general funds of the Participants and which are generally available for the payment of current expenses and other obligations of the Participants.

The respective amounts of Pledged Revenues specified as security for each Participant's Note pursuant to the related Participant Resolution and expressed as a percentage of the principal amount of each Participant's Note are reflected in the following table, together with the months during which such Pledged Revenues are expected to be deposited in the related Repayment Fund, with the deposits during each Pledge Month required to be made on or before the last business day of that month:

<u>PARTICIPANT</u> ⁽¹⁾	<u>Pledge Month</u> ⁽²⁾	<u>% of Notes</u>	<u>Pledge Month</u> ⁽²⁾⁽³⁾	<u>% of Notes</u>
Beverly Hills Unified School District	January	50%	May	50%
Burbank Unified School District	January	50%	May	50%
Duarte Unified School District	January	50%	May	50%
Hawthorne School District	January	50%	May	50%
Manhattan Beach Unified School District	January	50%	May	50%
Redondo Beach Unified School District	January	50%	May	50%
Santa Monica-Malibu Unified School District	January	50%	May	50%
William S. Hart Union High School District	January	50%	May	50%

(1) Preliminary; subject to change.

(2) Pledge months are in 2020.

(3) The payment in the final Pledge Month includes an amount sufficient to pay the interest due on the particular Participant Note.

Each Participant shall cause the debt service payments on its Note to be deposited in a separate fund for such Participant to be held by the Treasurer until the amount on deposit in such fund, taking into consideration anticipated investment earnings thereon to be received by the Maturity Date of the related Note, is equal in the respective repayment months to the percentages of the principal and interest due on such Note at maturity as set forth above for that Participant. The amounts deposited therein shall be applied solely to the payment of the Note and the related Certificates at the times and in the manner set forth in the Resolutions and the related Trust Agreement. See “Repayment Funds” herein.

Intercept Procedure

In the State of California, school district revenues are received and deposited by the county in which such school district is located. Pursuant to its Participant resolution, each Participant has directed the Auditor-Controller of the County (the “Auditor-Controller”) to intercept Pledged Revenues and place them on deposit with the Treasurer. The County has covenanted to intercept the Pledged Revenues of such Participants.

Under this procedure, the Auditor-Controller will deposit Pledged Revenues directly in the respective Repayment Fund. Upon such deposit, such amounts will be invested in the Los Angeles County Treasury Pool (the “Treasury Pool”) or in such other Permitted Investments and will not be available for the respective Participant. See “- Repayment Funds” herein.

Repayment Funds

In accordance with the provisions of the Resolutions, there will be established a repayment fund for each such Participant (each, a “Repayment Fund” and collectively, the “Repayment Funds”), into which amounts sufficient to pay principal of and interest on the Note issued by such Participant will be deposited. All moneys deposited in the Repayment Funds are required to remain on deposit until the simultaneous maturity date of the applicable series of Notes and the Certificates, at which time they will be applied, along with the investment earnings thereon, to the extent necessary, to pay the principal of and interest due on the Notes. On the respective Maturity Date of a series of the Certificates, debt service payments on the Notes shall be applied to the payment of principal and interest due with respect to the

related series of Certificates. Amounts on deposit in the Repayment Funds may not be used for any other purpose; however, they may be invested in certain investments as described below under the sub-caption “Investment of Note Proceeds and Repayment Fund,” provided such investments mature in sufficient time to permit the timely payments from the Repayment Funds of principal and interest with respect to the Notes and the Certificates. All investment income shall accrue to and become part of the Repayment Funds. When the aggregate amount in the Repayment Funds is sufficient to pay the principal of and interest on the Notes and the Certificates when due, any excess amounts may be transferred to the general funds of the Participants, as applicable, and applied by the respective Participant for any lawful purpose. In the event that there are insufficient funds in a Repayment Fund of a Participant on the third business day prior to the last business day of a Pledge Month, the Treasurer shall direct the Auditor-Controller to draw from the Unrestricted money of such Participant held by the Treasurer and attributable to such Participant for the purpose repaying such Participant’s Note. **No Participant’s Repayment Fund will be available to make up a deficiency in the Repayment Fund of another Participant or for payment of the principal of or interest on any other Participant’s Note.**

Investment of Note Proceeds and Repayment Funds

The Trust Agreements provide that Note proceeds and amounts in the Repayment Funds are permitted to be invested at the direction of the Treasurer in the following investments; provided, however, that amounts shall not be invested in investments with the respective maturity dates later than when funds are needed to make necessary payments of principal and interest with respect to the applicable Certificates and in no event later than the Maturity Date of the Certificates.

1. Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America;
2. Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (FHLB); (b) the Federal Home Loan Mortgage Corporation (FHLMC) comprised of participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) and senior obligations; (c) the Federal National Mortgage Association (FNMA) comprised of senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); (d) Federal Farm Credit Bank (FFCB); (e) Student Loan Marketing Association (Sallie Mae) comprised of senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);
3. Commercial paper having original maturities of not more than 270 days, payable in the United States of America rated “A-1+” by S&P and “Prime-1” by Moody’s Investors Service (“Moody’s”) and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having “A” or better rating for the issuer’s debt, other than commercial paper, as provided by Moody’s or S&P. The maximum total par value may be up to 15% of the total amount held by the Certificate Agent in accordance with the related Trust Agreement;
4. The Treasury Pool (see the caption, “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS” herein);
5. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, having original maturities of not more than 30 days, with a maximum par value of 30% of the total amount held by the Certificate Agent in accordance with

the related Trust Agreement. The institution must have a minimum short-term rating of “A-1” and “P-1” by S&P and Moody’s respectively, and a long-term rating of no less and “A”;

6. Shares of beneficial interest issued by diversified management companies that are money market funds (including funds of the Certificate Agent and/or its affiliates) registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-1, *et seq.*), limited to investments in obligations of the United States Government and its agencies and instrumentalities, whose fund has received the highest possible rating from at least two nationally recognized statistical rating organizations, with one such rating being at least “Aam-G” from S&P. The maximum par value may be up to 15% of the total amount held by the Certificate Agent in accordance with the related Trust Agreement;

7. Negotiable certificates of deposits issued by a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has obligations outstanding having a rating of “A-1+” and “P-1” or better from Moody’s and S&P, respectively;

8. Repurchase agreements may have a maximum maturity of 30 days and must be fully secured at or greater than 102% of their market value, plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number 2 above, the provider of which must have a minimum short-term rating of at least “A-1+” from S&P; and

9. Investment agreements and guaranteed investment contracts rated at least “Aa3” by Moody’s and “AA-” by S&P.

All of the Note proceeds will be invested in the Treasury Pool.

THE TRUST AGREEMENTS

Pursuant to the Trust Agreement for each series of Certificates, The Bank of New York Mellon Trust Company, N.A. is appointed to act as Certificate Agent with respect to the Certificates, with the duty to hold the Notes in trust until maturity for the benefit of the Beneficial Owners of the Certificates. The Certificate Agent is further appointed to act as Registrar for the Certificates and, in such capacity, to keep and maintain books and records as to the ownership, transfer and exchange of the Certificates.

A portion of the net proceeds from the sale of the Certificates of each series will be deposited with, and disbursed by, the Certificate Agent for the payment of certain costs of issuance. The Treasurer, in its capacity as Certificate Agent, shall make payments with respect to the Certificates when duly presented at the Maturity Date.

Each Participant has covenanted in its respective Participant Resolution to cause its Repayment Fund to be maintained by the Treasurer, who shall cause the application of the amounts deposited therein solely to the payment of the Notes and the Certificates at the times and in the manner set forth in such Participant Resolution (each, a “Repayment Date”). In each of the Trust Agreements, the Certificate Agent has covenanted that it will duly and punctually pay or cause to be paid interest with respect to the Certificates from the payments of interest on the Notes on deposit in the Repayment Funds, payable on the maturity date thereof, the principal and interest with respect to the Certificates, that it will not pledge, assign, subject to any lien, or otherwise encumber the debt service payments received from any Participant, and that it shall apply such payments solely to the payment of the principal and interest due with respect to the Certificates. The County covenants in each of the Trust Agreements that it will duly and punctually cause the payments of principal and interest with respect to the Certificates from the payments of principal and interest on the Notes; *provided, however* that the County shall not be required

to expend any funds other than moneys paid by the Participants as and for payments of principal of and interest on the Notes, including Pledged Revenues and amounts deposited into the Repayment Funds and any other moneys lawfully available therefor pursuant to the Participant Resolutions. The Certificate Agent covenants in the Trust Agreements that in no event shall the Certificate Agent be required to expend any of its own funds or incur any personal liability. The Certificate Agent further covenants in each Trust Agreement that it will faithfully observe and perform all of the conditions, covenants and requirements of such Trust Agreement, that it will not pledge, assign, subject to any lien, or otherwise encumber the related Notes or any interest therein other than as contemplated by such Trust Agreement and that it will hold the related Notes for the sole benefit of the Owners until the related Maturity Date therefor.

Except as expressly provided in each Trust Agreement, neither the Treasurer nor the Certificate Agent shall have any obligation or liability to the Beneficial Owners of the Certificates with respect to payment of principal of or interest on the Notes or the observance or performance by any Participant of any obligations or agreements or the exercise of any rights under the Resolutions.

The Participants have each covenanted in their respective Participant Resolutions to file notices of certain events listed therein (collectively, the “Listed Events”) with either the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or as otherwise required by the MSRB or the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” herein for a description of the specific nature of the notices of Listed Events. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

LIMITATIONS ON REMEDIES

The primary source of repayment of each series of the Certificates is scheduled payments of principal and interest from the Notes. However, pursuant to the Government Code, each Participant’s Note is a general obligation of such Participant. Accordingly, a Participant is liable on its Note (even in the event that such Note becomes a defaulted Note) to the extent of its lawfully available revenues. If such lawfully available revenues are not sufficient to pay its Note or Defaulted Note, as the case may be, such Participant is not obligated to pay such Note or Defaulted Note from any other sources.

No Joint Obligation

The obligation of a Participant to make payments on its Note is a several and not a joint obligation and is strictly limited to such Participant’s repayment obligation under the related Participant Resolution and its Note.

Limitation on Remedies

The rights of the Owners of the Certificates are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Certificates, and the obligations incurred by the Participants may become subject to the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Certificates to judicial discretion and

interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the Participants, there are no involuntary petitions in bankruptcy. If a Participant were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Certificate Agent and the Participants could be prohibited from taking certain steps to enforce their rights under the Trust Agreement. In a decision dated March 8, 1995, the United States Bankruptcy Court for the Central District of California ruled that a pledge granted by Orange County pursuant to a resolution adopted by that county in connection with the issuance of tax and revenue anticipation notes (“TRANS”) was not effective with respect to general revenues accruing to Orange County after the filing of a petition in bankruptcy. The resolution obligated Orange County to set aside a specified amount of revenues in certain months in order to secure the payment of its TRANS. On July 12, 1995, the United States District Court for the Central District of California reversed the order of the Bankruptcy Court and determined that the obligation created under the resolution adopted by Orange County is a statutory lien which survived the filing of Orange County’s bankruptcy petition. The parties subsequently negotiated a settlement. No assurance can be made that future allegations would not be raised in another bankruptcy proceeding.

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The following information concerning the Los Angeles County Treasury Pool has been provided by the Treasurer and has not been confirmed or verified by either the Participants or the Underwriters. Moreover, neither the Participants nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Treasurer and Tax Collector (the “Treasurer”) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the “Treasury Pool”). As of May 31, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$14.278
Schools and Community Colleges	15.806
Discretionary Participants	<u>2.693</u>
Total	\$32.777

The Treasury pool participation composition is as follows:

Non-discretionary Participants	91.78%
Discretionary Participants	7.82%
Independent Public Agencies	<u>0.40%</u>
County Bond Proceeds and Repayment Funds	100.00%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer’s prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal

investments by local agencies in the State of California, and by a more restrictive Investment Policy (the “Investment Policy”) developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors (the “Board of Supervisors”) on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the “Investment Report”) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated June 30, 2019, the May 31, 2019 book value of the Treasury Pool was approximately \$32.777 billion and the corresponding market value was approximately \$32.713 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer’s Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor’s Staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside independent auditor (the “External Auditor”) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of May 31, 2019.

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	6.19
U.S. Government and Agency Obligations	64.56
Bankers Acceptances	0.00
Commercial Paper	28.77
Municipal Obligations	0.17
Corporate Notes & Deposit Notes	0.31
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	<u>0.00</u>
Total	100.00

The Treasury Pool is highly liquid. As of May 31, 2019, approximately 40.99% of the investments mature within 60 days, with an average of 521 days to maturity for the entire portfolio.

Neither the Participants nor the Underwriters have made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.

INVESTMENT OF PARTICIPANT FUNDS

Pursuant to the Education Code, all funds which comprise the general fund of a school district are deposited in the Treasury Pool. The Treasurer allocates such amounts to the credit of the proper fund or account of each school district. The Education Code permits the governing board of any school district which has funds in a special reserve fund of such school district or any surplus moneys not required for the immediate necessities of the school district to invest all or any part of the funds in investments specified in Sections 16430 or 53601 of the Government Code. However, pursuant to the current policies of Treasurer, all school districts are deemed to be involuntary depositors and all funds thereof are deposited in the Treasury Pool.

The Treasurer believes that the Treasury Pool has sufficient liquidity to permit the payment of current expenses and other obligations of school districts in the County, including the Participants. See “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS” herein.

PARTICIPANT FINANCES

General

Appendix A hereto contains a general description of each Participant, its employees, retirement programs and enrollment history and projections. Also set forth are tables for each Participant showing summaries of assessed value, recent audited results, actual and projected cash flow schedules and current budget information. The estimates and timing of receipts and disbursements in such cash flow analyses are based on certain assumptions and should not be construed as statements of fact. The cash flow projections represent the current best estimate of the Participants, based on information available as of the date of the projections. However, due to the uncertainties inherent in the State budgeting process (See “PARTICIPANT FINANCES – State Assistance”), these projections are subject to change and may vary considerably from actual cash flows experienced by the Participants.

The information regarding the Participants has been taken or constructed from the official records of the Participants. Such information has been reviewed by an authorized representative of each Participant acting in his or her official capacity. Such representative has determined that as of the date hereof the information contained herein is, to the best of his or her knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Payment of State assistance in the amounts anticipated depends on the State’s adhering to its current budget, including the appropriations therein provided for local assistance. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 98” below. Also, see “– Major Revenues” and “PARTICIPANT FINANCES – State Assistance – 2018-19 State Budget” and “– 2019-20 State Budget” below for information concerning the Local Control Funding Formula (defined herein) included in the 2018-19 State Budget and 2019-20 State Budget (defined herein).

Major Revenues

The Treasurer manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County’s Treasury Pool. See “INVESTMENT OF PARTICIPANT FUNDS” and “THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS.” The composition and value of investments under management in the Treasury Pool vary from time to time,

depending on cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally.

K-12 School Districts

The operating income of school districts in California is comprised of two components: a State portion funded from the State's general fund and a local portion derived from the Participants' share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical funding from State and federal government programs.

Local Control Funding Formula. As part of the 2013-14 State budget, State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") to replace the revenue limit funding system for determining State apportionments and the majority of categorical program funding. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). The LCFF consists primarily of base grant, supplemental grant and concentration grant funding that focuses resources based on a school's student demographics. Each school district and charter school will receive a per pupil base grant to support the basic costs of instruction and operations. The implementation of the LCFF began in Fiscal Year 2013-14 and is expected to be fully phased in by Fiscal Year 2020-21. The sum of a school district's adjusted base, supplemental and concentration grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT (defined herein) or categorical block grant add-ons, will yield a district's total LCFF allocation. The State will calculate an annual transition adjustment for each school district, equal to such district's proportionate share of appropriations included in the 2013-14 State Budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts. Most school districts are expected to have the same proportion of their respective funding gaps closed in each year, with funding amount that vary in accordance with the size of each district's funding gap.

The LCFF includes the following components:

- A base grant for each local education agency equivalent to \$7,643 per unit of average daily attendance ("ADA"). This amount includes an adjustment of 10.4% to the base grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in high schools. Unless otherwise collectively bargained for, following full implementation of the LCFF, school districts with students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site so as to continue receiving its adjustment to the K-3 base grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during Fiscal Year 2012-13.
- A 20% supplemental grant for students classified as English learners ("EL"), those eligible to receive a free or reduced price meal ("FRPM") and foster youth, to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5% of an LEA's (defined herein) base grant, based on the number of EL, FRPM, and foster youth served by a local education

agency, which provides additional funding for districts with unduplicated counts greater than 55 percent, with an additional 50 percent of the base grant multiplied by the unduplicated count in excess of 55 percent.

- An economic recovery target (“ERT”) to ensure that almost every LEA receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF. This ERT payment is based on the difference between the amount a school would have received under the old funding system and the amount a district would receive under the LCFF in Fiscal Year 2020–21. To determine this difference, assumptions for the old funding system include: (i) Fiscal Year 2012–13 unduplicated revenue limits, or block grant funding for charter schools, with cost-of-living adjustments of 1.57 percent in 2013–14 and 1.94 percent each year from Fiscal Year 2014–15 through Fiscal Year 2020–21; and categorical program funding levels restored to the Fiscal Year 2007–08 level. The ERT add-on will be paid incrementally over the eight-year implementing period of the LCFF.

Of the more than \$25 billion in funding to be invested through the LCFF through Fiscal Year 2020-21, the vast majority of new funding will be provided for base grants. Specifically, under current law, of every dollar invested through the LCFF, 84 cents is expected to go to base grants, 10 cents is expected to go to supplemental grants, and 6 cents is expected to go to concentration grants. In the State Budget for the Fiscal Year 2013-14, the average base grant was \$7,643, which was an increase of \$2,375 from the current average revenue limit. Base grants are to be adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

LCFF includes a “hold harmless” provision which provides that a school district or charter school will maintain total revenue limit and categorical funding at its 2012-13 level, unadjusted for changes in ADA, or cost of living adjustments.

A summary of the target LCFF funding amounts for California school districts and charter schools based on grade levels and targeted students classified as EL, FRPM, foster youth, or any combination of these factors (“unduplicated” count) is shown below:

**California School Districts and Charter Schools
Grade Span Funding at Full LCFF Implementation**

Grade Span	Base Grant	K–3 Class Size Reduction and Grades 9-12 Adjustments	Average Assuming 0% Unduplicated FRPM, EL, Foster Youth	Average Assuming 25% Unduplicated FRPM, EL, Foster Youth	Average Assuming 50% Unduplicated FRPM, EL, Foster Youth	Average Assuming 100% Unduplicated FRPM, EL, Foster Youth
K–3	\$6,845	\$712	\$7,557	\$7,935	\$8,313	\$10,769
4–6	6,947	N/A	6,947	7,294	7,642	9,899
7–8	7,154	N/A	7,154	7,512	7,869	10,194
9–12	8,289	216	8,505	8,930	9,355	12,119

Source: California Department of Education

Local Control and Accountability Plan (“LCAP”). As part of the LCFF, school districts, county offices of education, and charter schools are required to develop, adopt and annually update a three-year Local Control and Accountability Plan or “LCAP,” beginning on July 1, 2014, using a template adopted

by the California State Board of Education (“SBE”). The SBE is required to adopt evaluation rubrics to assist school districts and oversight entities in evaluation strengths, weaknesses, areas that require improvement, technical assistance needs, and where interventions are warranted on or before October 1, 2015. Subsequent revisions to the template or evaluation rubrics are required to be approved by the SBE by January 31 before the fiscal year when the template or rubric would be used. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in semi-annual installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of the fiscal year and become delinquent, if unpaid, on August 31 (or June 30). A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Proposition 98

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding “test” to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee would be the change in California’s per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B). See “-- State Assistance –2018-19 Budget” and “--2019-20 Proposed Budget” below.

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Since 1989, each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount of Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. From 1992-93 to 2007-08 this statutory split was suspended.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth (ADA) and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as “Test 3,” provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990, (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Assistance

The Participants' principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the Participants believe to be reliable; however, the State has not entered into any contractual commitment with the Participants, the County, the Underwriters, Bond Counsel, Underwriters' Counsel nor the owners of the Certificates to provide State budget information to the Participants or the owners of the Certificates. Although they believe the State sources of information listed above are reliable, none of the Participants, the County, Bond Counsel, Disclosure Counsel, Underwriters' Counsel nor the Underwriters assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

Proposition 30. The passage of the Governor's November Tax Initiative ("Proposition 30") on the November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and went into effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The Legislative Analyst's Office (the "LAO") estimates that, as a result of Proposition 30, additional state tax revenues of about \$6 billion annually from Fiscal Years 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in Fiscal Years 2011–12, 2017–18, and 2018–19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

New revenues generated from Proposition 30 are deposited into a newly created State account called the Education Protection Account ("EPA"). Local education agencies, comprised of school districts, county offices of education, and charter schools ("LEAs") will receive funds from the EPA based on their proportionate share of the Statewide revenue limit amount. A corresponding reduction is made to an LEA's revenue limit equal to the amount of their EPA entitlement. LEAs began to receive EPA payments quarterly beginning with Fiscal Year 2013-14.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 is allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

For further information on Proposition 30, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 30."

Limitations on School District Reserves. The 2014-15 State Budget included the Education Budget Trailer Bill ("SB 858") which amended Education Code section 42127 to provide that, beginning in Fiscal Year 2015-16, if a school district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the following information for review at the annual public hearing on its proposed budget: (i) the minimum recommended reserve adopted by the State Board of Education; (ii) the school district's fund balance in excess of the recommended reserve; and (iii) a statement substantiating the need for the excess reserve level. This information is to be included in the

school district's budgetary submission to its county superintendent of schools and was effective commencing the 2015-16 school year.

A second provision of SB 858 adds section 42127.01 to the Education Code that voters approved in November 2014. This provision provides that in any fiscal year immediately after a fiscal year in which a transfer is made by the State to the "rainy day fund," a school district may not adopt a budget that contains a reserve in excess of twice the applicable minimum reserve amount. A county superintendent may grant a school district an exemption from the limitation on reserves for up to two consecutive fiscal years if the school district provides documentation indicating that "extraordinary fiscal circumstances" substantiate the need for a higher ending balance. Section 42127.01 became operative on December 15, 2014.

In any fiscal year following a year in which the State has made a transfer into the Public School System Stabilization Account (the "PSSSA") and all other applicable conditions have been satisfied, the combined unassigned and assigned ending fund balance in any budget adopted or revised by a school district may not be (i) more than two times the amount of the minimum recommended reserve specified under the Education Code for school districts with an ADA of less than 400,000 or (ii) more than three times the amount of the minimum recommended reserve specified under the Education Code for school districts with an ADA of 400,000 or greater. Further, a county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive fiscal years within a three-year period if certain extraordinary fiscal circumstances exist.

Each of the Participants is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirement requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of ADA.

2018-19 State Budget. On June 27, 2018, Governor Brown approved the final 2018-19 State Budget (the "2018-19 Budget"), a \$201.4 billion plan which includes funding of \$97.2 billion (\$56.1 billion General Fund and \$41.1 billion other funds) for K-12 education programs and a \$6.16 billion increase in one-time and ongoing appropriations for K-12 school districts in Fiscal Year 2018-19. The 2018-19 Budget also includes \$500 million in grants for cities to use to address homelessness and anticipates placing the \$2 billion 'No Place Like Home' bond on the November 2018 ballot to accelerate the delivery of housing projects to serve individuals with mental illness. Altogether, the 2018-19 Budget includes \$5 billion related to affordable housing and homelessness, across multiple State departments and programs and increases the value of welfare grants through the CalWORKS program by approximately \$360 million. The 2018-19 Budget also includes \$79 million for programs to help those in the U.S. illegally by funding legal services programs and assistance for young adults who signed up with the Deferred Action for Childhood Arrivals program.

For K-12 schools, the 2018-19 Budget provides an increase in funding levels of approximately \$4,633 per student over Fiscal Year 2011-12 levels and notes that available funding will allow the State to reach 100-percent implementation of the LCFF. In an effort to improve student achievement and transparency, the 2018-19 Budget requires school districts to create a link between their local accountability plans and their budgets to show how increased funding is being spent to support English learners, students from low-income families, and youth in foster care. The 2018-19 Budget also provides

\$300 million to school district targeting improvements for the State's lowest performing students, and includes \$82.8 million in specific funding for K-12 accountability measures including the following:

- ***Statewide System of Support*** — \$57.8 million Proposition 98 General Fund for county offices of education to provide technical assistance to school districts.
- ***Multi-Tiered Systems of Support (“MTSS”)*** — \$15 million one-time Proposition 98 General Fund to expand the state's MTSS framework.
- ***Community Engagement Initiative*** — \$13.3 million one-time Proposition 98 General Fund for the California Collaborative for Educational Excellence.
- ***Special Education Local Plan Area (“SELPA”) Technical Assistance*** — \$10 million Proposition 98 General Fund for SELPAs to assist county offices of education in providing technical assistance.

In addition, the 2018-19 Budget includes the following features affecting K-12 school districts:

- ***Classified School Employee Summer Assistance Program*** — \$50 million one-time Proposition 98 General Fund to provide State matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the school year and then paid during the summer recess period.
- ***Classified School Employee Professional Development Block Grant Program*** — \$50 million one-time Proposition 98 General Fund for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.
- ***English Language Proficiency Assessment for California (“ELPAC”)*** — \$27.1 million one-time Proposition 98 General Fund to convert the paper-based ELPAC to a computer-based assessment and to develop an ELPAC assessment specific to students with exceptional needs.
- ***Charter School Facility Grant Program*** — \$21.1 million one-time and \$24.8 million ongoing Proposition 98 General Fund to reflect increases in programmatic costs.
- ***Kids Code After School Program*** — \$15 million one-time Proposition 98 General Fund to increase opportunities for students in after-school programs to access computer coding education.
- ***Fire-Related Support*** — \$4.4 million Proposition 98 General Fund over two years in property tax relief to schools impacted by the fires in Northern and Southern California in 2017, and an additional \$25 million Proposition 98 General Fund relief through the LCFF.
- ***Local Solutions Grant Program*** — \$50 million one-time Proposition 98 General Fund to provide one-time competitive grants to local educational agencies to develop and implement new, or expand existing, locally identified solutions that address a local need for special education teachers.
- ***Teacher Residency Grant Program*** — \$75 million one-time Proposition 98 General Fund to support locally sponsored, one-year intensive, mentored, clinical teacher

preparation programs with \$50 million aimed at preparing and retaining special education teachers and \$25 million aimed at bilingual and science, technology, engineering and mathematics teachers.

2019-20 State Budget. On June 27, 2019, Governor Newsom signed a final State budget for Fiscal Year 2019-20 (the “2019-20 State Budget”) in the total amount of \$214.8 billion, including \$147.8 billion from the State General Fund. The 2019-20 State Budget projects that the State will end Fiscal Year 2018-19 with total reserves of \$19.2 billion, of which \$16.5 billion is in the Rainy Day Fund, \$1.4 billion in the Special Fund for Economic Uncertainties, \$900 million in the Safety Net Reserve, and approximately \$380 million in the Public School System Stabilization Account. The 2019-20 State Budget makes an additional payment of \$9 billion over the four succeeding fiscal years to pay down unfunded pension liabilities, including \$3 billion to CalPERS, \$2.9 billion to CalSTRS on behalf of the State, and \$3.15 billion to CalSTRS and CalPERS on behalf of schools. The 2019-20 State Budget also invests \$4.5 billion to eliminate the so-called ‘Wall of Debt’ and reverses the debt deferral undertaken during the last recession.

With respect to K-12 education, the 2019-20 State Budget sets the minimum funding guarantee at \$81.1 billion, including \$55.9 billion from the State general fund, reflecting an increase of \$2.7 billion from the prior-year level. For K-12 schools, the 2019-20 State Budget sets ongoing per-pupil spending at \$11,993 and includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. For Fiscal Year 2019-20, the 2019-20 State Budget includes the constitutionally required deposit into the Public School System Stabilization Account of \$376.5 million which does not initiate school district reserve caps (as the amount in the account is not equal to or greater than 3 percent of the total K-12 share of the Proposition 98 Guarantee). The 2019-20 State Budget also provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26 percent COLA. Other significant features of the 2019-20 State Budget affecting K-12 schools include the following:

- **Special Education.** The 2019-20 State Budget includes \$152.6 million to provide all Special Education Local Plan Areas with at least the Statewide target rate for base special education funding, approximately \$557 per unit of average daily attendance, under the existing special education funding formula. The 2019-20 State Budget also includes \$492.7 million for special education allocated based on the number of children ages 3 to 5 years with exception needs that the school district is serving.
- **CalSTRS and CalPERS.** The 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on their behalf to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. This payment is expected to save employers \$6.1 billion over the next three decades, with an estimated reduction in the out-year contribution rate to CalSTRS of 0.3 percentage points, and to the CalPERS Schools Pool of 0.1 to 0.3 percentage points.
- **After School Programs.** The 2019-20 State Budget includes \$50 million ongoing Proposition 98 General Fund to provide an increase of approximately 8.3 percent to the per-pupil daily rate for After School Education and Safety Program (increasing this rate from \$8.19 to \$8.87 per day).
- **Teacher Training and Resources.** The 2019-20 State Budget includes \$43.8 million one-time non-Proposition 98 General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals, comprised of \$37.1 million for the Educator Workforce Investment Grants for teachers and paraprofessionals, and \$6.7 million for the California Subject Matter Projects. The 2019-20 State Budget also includes \$13.8 million ongoing Federal funds to establish the “21st Century California Leadership

Academy,” to provide professional learning opportunities for public K-12 administrators and school leaders.

- **Teacher Recruitment.** To recruit and retain qualified teachers in school districts with high rates of under-prepared teachers, the 2019-20 State Budget includes \$89.8 million one-time non-Proposition 98 General Fund to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years.
- **Kindergarten Programs.** The 2019-20 State Budget includes \$300 million one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.
- **Proposition 98 Settle-Up.** The 2019-20 State Budget includes an increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through 2017-18.
- **Classified School Employees Summer Assistance Program.** The 2019-20 State Budget includes an increase of \$36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a State match for classified employee savings used to provide income during summer months.

The Participants cannot predict how State income or State education funding will vary over the term of the Certificates, and the Participants take no responsibility for informing owners of the Certificates as to actions the State Legislature or Governor may take affecting the current year’s budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget” or www.ebudget.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the Participants, and the Participants 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.

Future State Budgets. Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. Following the implementation of Proposition 25 (permitting State budget passage with a simple majority and mandating forfeiture of Legislators’ daily salaries until the budget bill passes), the Governor signed the 2013-12 Budget on June 30, 2011. While the 2016-17, 2017-18, 2018-19 and 2019-20 Budgets were timely adopted, in the past, budgets have been adopted and signed after this date. Accordingly, the Participants cannot anticipate future delays in State budget adoption or their impact. In any year where the State budget lags adoption of each Participant’s budget, it will be necessary for each Participant’s staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor’s May Revision for that year, and determine whether such Participant’s budget will have to be revised. In addition, the Participants cannot predict the effect that the general economic conditions within the State and the State’s budgetary problems may have in the future on the Participants’ budgets or operations.

Federal Revenues

The federal government provides funding for several programs of the Participants, including programs that benefit educationally disadvantaged students and students with limited English skills, and

that provide other specialized services to students and administration. The Participants are unable to predict variations in the amount and types of federal funding for such programs during any fiscal year.

Financial Statements and Accounting Practices

The Participants' financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds and Account Groups used by the Participants are categorized as follows:

<u>Government Funds</u>	<u>Fiduciary Funds</u>
General Funds	Trust and Agency Funds
Special Revenue Funds	
Debt Service Funds	<u>Account Groups</u>
Proprietary Funds	General Fixed Assets Account Group
Internal Service Funds	General Long-Term Debt Account
Enterprise Funds	

Expenditures of Participants are accrued at the end of each Fiscal Year to reflect the receipt of goods and services in that Fiscal year. Generally, revenues are recorded on a cash basis, except for items that are susceptible to accrual, measurable and/or available to finance operations. Current taxes are considered susceptible to accrual. Taxes which are due but are not in fact received until after the Fiscal Year-end are recorded as accrued revenues. The State Department of Education establishes expenditure categories for all California school districts and boards of education.

The general fund of each Participant, as shown in Appendix A, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the Participant not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the Participants using information from the Annual Financial Reports which are prepared by the Directors of Accounting for the Participants and audited by independent certified public accountants each year. Certain information, such as the General Fund Cash Flow Analyses, was developed by each Participant's staff for use in this Official Statement. The estimates and timing of receipts and disbursements in such Cash Flow Analyses are based on certain assumptions and should not be construed as statements of fact. The audited financial statements of the Participants for Fiscal Years 2015-16, 2016-17 and 2017-18 along with certain other information pertaining to each of the Participants is available at the following web address: <https://www.lacoe.edu/BusinessServices/BusinessAdvisoryServices/PooledFinancing/TRANS.aspx>, and are summarized in Appendix A.

Retirement Systems

The information set forth below regarding the STRS and PERS programs has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the Participants nor the Underwriters.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit

Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed the legislation described below to increase contribution rates.

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

**MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)**

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

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. While the contribution rate for employees hired after the Implementation Date will remain unchanged at 9.205% of creditable compensation for fiscal year commencing July 1, 2017, the STRS actuary currently estimates that member contribution rates for such members will have to increase to 10.205% of creditable compensation effective July 1, 2018, based on the new actuarial assumptions discussed below.

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

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

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

Source: AB 1469.

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

The Participants' contributions to STRS for the last five years are set forth in Appendix A hereto. The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll for fiscal year 2017-18. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2014 included 1,580 public agencies and 1,513 K-14 school districts. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to

participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The Participants’ contributions to PERS for the last five years are set forth in Appendix A hereto.

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

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions) ⁽¹⁾
Fiscal Years 2010-11 through 2015-16

<u>STRS</u>					
Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)⁽²⁾	Unfunded Liability (MVA)⁽²⁾	Value of Trust Assets (AVA)⁽³⁾	Unfunded Liability (AVA)⁽³⁾
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728

<u>PERS</u>					
Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)⁽³⁾	Unfunded Liability (AVA)⁽³⁾
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding. (Footnotes continued on following page.)

- (2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
- (3) Reflects actuarial value of assets.
- (4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

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

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year STRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2016 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on the change in actuarial assumptions adopted by the STRS Board, recent investment experience and the insufficiency of the contributions received in fiscal year 2015-16 to cover interest on the unfunded actuarial obligation, the 2016 STRS Actuarial Valuation reports that the unfunded actuarial obligation increased by \$20.5 billion since the June 30, 2015 actuarial valuation and the funded ratio decreased by 4.8% to 63.7% over such time period. Had the investment rate of return been lowered to 7.00% for the 2016 STRS Actuarial Valuation, the unfunded actuarial obligation and the funded ratio would have been \$105.1 billion and 61.8%, respectively. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

According to the 2016 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be sufficient to finance its obligations, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

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

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year

2019-20. The new discount rate went into effect July 1, 2017 for the State and will go into effect July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

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

Based on the Schools Pool Actuarial Valuation as of June 30, 2017 (the “2017 PERS Actuarial Valuation”), the three-year phased in reduction of the discount rate was projected to result in an employer contribution rate of 20.7% for fiscal year 2019-20, with annual increases thereafter resulting in a projected 25.5% employer contribution rate by fiscal year 2025-26. Such projections contained in the 2017 PERS Actuarial Valuation assume that all other actuarial assumptions will be realized and no changes to assumptions, contributions, benefits or funding will occur during the projected period. The 2017 PERS Actuarial Valuation continues to use the Entry Age Normal Actuarial Cost Method, a 3.0% annual payroll growth (compounded annually) and a 2.75% inflation rate (compounded annually).

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On June 27, 2019, CalPERS informed school employers that the employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2019 were modified by Senate Bill 90 and codified at California Government Code Section 20825.2. The employer contribution rate for Fiscal Year 2019-20 will be 19.721%, representing a reduction of 1.012% in the employer contribution rate from the 20.733% adopted by the CalPERS Board on April 17, 2019. The employer contribution rate of 19.721% for fiscal year 2019-20 will be the first fiscal year that employer contributions are impacted by the new demographic assumptions adopted by the CalPERS Board in December 2017. The 19.721% contribution rate will become effective with the first payroll period

beginning July 2019. In April 2019, the CalPERS Board projected that employer contributions for fiscal year 2020-21 would be 23.6%, with annual fluctuations thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. The CalPERS Board stated that these employer contribution rates reflect not only the new demographic assumptions, but also changes in the discount rate, inflation rate and payroll growth rate, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date. The CalPERS Board anticipates that information about the risks associated with the funding of these plans will be included in the CalPERS valuation report expected to be released during summer 2019.

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

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

GASB Statements 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability,

deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employees, including the District, took effect for the fiscal year beginning July 1, 2014.

GASB Statement 75. In June 2015, the Governmental Accounting Standards Board issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” (“GASB 75”), which revised and established new accounting and financial reporting requirements for state and local governments, such as the Participants that offer other post-employment benefits (“OPEB”) to employees. Pursuant to GASB 75, net OPEB liabilities are required to be recognized in the financial statements for such state and local governments. In addition, GASB 75 provides additional guidance with respect to recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures. GASB 75 directs the use of “entry age normal” as the actuarial cost allocation method to be used and the various procedures, assumptions and discount rates to be used in connection with the calculation of liabilities. In connection therewith, states and local governments that do not pre-fund their respective OPEB obligations may report increased liabilities. GASB 75, among other things, requires additional note disclosures and the presentation of required supplementary information in financial statements.

Reports and Certifications

General. The Education Code of the State of California (Section 42133 *et seq.*) requires each school district to certify twice during the fiscal year whether or not it is able to meet its financial obligations for the remainder of such fiscal year, and, based on current forecasts, for the subsequent fiscal year. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board’s assessment based on standards and criteria for fiscal stability adopted by the State Board of Education and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the Los Angeles County Superintendent of Schools (“County Superintendent”) within forty-five days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. A qualified certification is to be assigned to any school district that based upon then current projections may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the fiscal year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments.

In connection with each interim report, each school district submits a multi-year projection for the current fiscal year and the following two fiscal years to its respective county office of education and the SDE. The projections are based upon guidelines established by their respective county offices of education and information available to such school district as of the date the projection is submitted.

A qualified certification is to be assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years based upon then current projections. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the current fiscal year or the following fiscal year. Any school district or office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes,

revenue bonds or any other debt instruments that do not require the approval of the voters of the district unless the County Superintendent determines that the school district's repayment of indebtedness is probable.

Copies of the reports and certifications of the Participants may be obtained upon request from such Participants at the addresses set forth in Appendix A hereto. The Participants may impose charges for copying, mailing and handling these reports and certifications.

Fiscal Year 2018-19 First Interim Report Certifications. A qualified certification was assigned to Burbank Unified School District ("Burbank") and Duarte Unified School District ("Duarte") with respect to their Fiscal Year 2018-19 First Interim Reports.

Fiscal Year 2018-19 Second Interim Report Certifications. A qualified certification was assigned to Duarte with respect to its Fiscal Year 2018-19 Second Interim Report.

In accordance with California Education Code (the "Education Code") sections 42131 and 42133(a) the Los Angeles County Office of Education ("LACOE") has approved the issuance of Notes by Burbank and Duarte.

Budgets of Participants

The fiscal year of the Participants begins on the first day of July of each year and ends on the 30th day of June of the following year. The Participants adopt on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The Participants are required by provisions of the Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The California State Department of Education imposes a uniform budgeting format for each school district in the State, and the Board of Governors of the California Community Colleges imposes a uniform budgeting format for each community college district in the State.

State Emergency Loan Program

The Education Code provides that a governing board of any county board of education or school district which determines during a fiscal year that its revenues are less than the amount necessary to meet its current year expenditure obligations may request an emergency apportionment from the State through the State Superintendent of Public Instruction (the "State Superintendent").

As a condition to the making of any such emergency apportionment, the following requirements must be met:

(a) The district requesting the apportionment must submit to the county superintendent of schools having jurisdiction over the district a report issued by an independent auditor approved by the county superintendent of schools on the financial conditions and budgetary controls of the district, a written management review conducted by a qualified management consultant approved by the county superintendent of schools and a fiscal plan adopted by the governing board to resolve the financial problems of the district.

(b) The county superintendent of schools must review, and provide written comment on, the independent auditor's report, the management review and the district plan. If the county

superintendent disapproves the plan, the governing board must revise the district plan to respond to the concerns expressed by the county superintendent.

(c) Upon his or her approval of the district plan, the county superintendent must submit copies of the report, review, plan and written comments to the State Superintendent, the Auditor General, the Joint Legislative Budget Committee, the Director of Finance and the Controller.

(d) The State Superintendent must review the reports and comments submitted to him or her by the county superintendent and must certify to the Director of Finance that the action taken to correct the financial problems of the district is realistic and will result in placing the district on a sound financial basis.

(e) The district must develop a schedule to repay the emergency loan and submit it to the county superintendent of schools, who after reviewing and commenting on it submits it to the State Superintendent for approval or disapproval. Upon the approval of the repayment schedule and of the other reports, reviews, plans and the appointment of the trustee (as described below), the State Superintendent must request the State Controller to disburse the proceeds of the emergency loan to the district.

(f) The district requesting the apportionment must reimburse the county superintendent of schools for the costs incurred by the superintendent in performing such duties.

In addition, the acceptance by the district of the apportionments made pursuant to the Education Code constitutes the agreement by the district to the following conditions:

(i) The State Superintendent shall appoint a trustee who shall have recognized expertise in management and finance. The State Superintendent shall establish the terms and conditions of the employment, including the remuneration of the trustee and the trustee shall serve at the pleasure of, and report directly to, the State Superintendent until the loan is repaid and the district has adequate fiscal systems and controls in place. Before the district repays its loan, the recipient of the loan shall select an auditor from a list established by the State Superintendent and the Controller to conduct an audit of its fiscal systems. If the fiscal systems are deemed to be inadequate, the State Superintendent may retain the trustee until the deficiencies are corrected.

(ii) The trustee appointed by the State Superintendent shall monitor and review the operation of the district. During the period of his or her service, the trustee may stay or rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district. The trustee shall approve or reject all reports and other materials required from the district as a condition of receiving the apportionment.

On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter, until the emergency apportionment is repaid, the governing board of the district shall prepare under the review and with the approval of the trustee, a report on the financial condition of the district which shall be transmitted to the county superintendent of schools, the State Superintendent and the State Controller. The report shall include all of the following information: (i) specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions; (ii) a copy of the adopted budget for the current fiscal year; (iii) reserves for economic uncertainties; (iv) status of employee contracts; and (v) obstacles to the implementation of the adopted recovery plan.

The emergency apportionment is required to be repaid to the State over a five-year period, or less, together with interest at a rate determined in accordance with the Education Code.

The State Legislature expressly provides that these provisions of the Education Code are not intended to authorize emergency loans to school districts for the purpose of meeting cash-flow requirements pending the receipt of local taxes and other funds. Furthermore, no such emergency apportionment be made unless funds have been specifically appropriated therefor by the Legislature.

None of the Participants are currently participating in the State emergency loan program.

State Lottery

The State Lottery generates net revenues (gross revenue less prizes and administration expenses) which are used to supplement State assistance provided to public education, including K-14. State Lottery funds may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities or the financing of research. State Lottery revenues are allocated by computing an amount per total ADA or full-time equivalent Students (“FTES”), *i.e.*, by dividing the total net revenues figures by the total ADA for grades K-12 and CCCs, and by the total FTES for each University of California system and California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTES figure; however, the exact allocation formula may vary from year to year. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted.

Insurance

Each Participant maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker’s compensation, as are adequate, customary and comparable with such insurance maintained by similarly situated educational agencies. In addition, based upon prior claims experience, each Participant believes that the recorded liabilities for self-insured claims are adequate.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

Article XIII A of the California Constitution limits the amount of any ad valorem tax on real property, to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote (see the sub-caption “-- Proposition 39” below). Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

Legislation Implementing Article XIII A

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

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

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

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

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) now Section 100 of the California Revenue and Taxation Code provides that revenues derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the “Smaller Classes, Safer Schools and Financial Accountability Act” (the “Smaller Classes Act”) which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded

indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the Participants, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property, such that property taxes could exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for “the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities,” (2) a list of projects to be funded and a certification that the school district board has evaluated “safety, class size reduction, and information technology needs in developing that list” and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

The Legislature enacted AB 1908, Chapter 44 (“AB 1908”), which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply to any bond proposition: (1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens’ oversight committee be appointed to review the use of the bond funds and inform the public about their proper usage.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 218

On November 5, 1996, an initiative to amend the California Constitution known as the “Right to Vote on Taxes Act” (“Proposition 218”) was approved by a majority of California voters. Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as “general taxes” (defined as those used for general governmental purposes) or “special taxes” (defined as taxes for a specific purpose even if the revenues flow through the local government’s general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The Participants have no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 2/3 of such Participant’s voters. Under previous law, the Participants could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment

district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the Participants to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the Participants will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the Participants' ability to pursue voter approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. Proposition 218, by its terms, is inapplicable to short-term notes such as the Notes. The Participants are unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Proposition 1A

Proposition 1A (SCA 4), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Proposition 30

The passage of the Governor’s November Tax Initiative (“Proposition 30”) on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and went into effect starting in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimated that, as a result of Proposition 30, additional state tax revenues of about \$6 billion annually from Fiscal Years 2012–13 through 2016–17 would be received by the State with lesser amounts of additional revenue available in Fiscal Years 2017–18, and 2018–19. These additional monies prevented certain “trigger cuts” included in the 2012-13 State Budget. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Among other things, Proposition 30 provides for additional tax revenues aimed at balancing the State’s budget through Fiscal Year 2018–19, providing several billion dollars annually through Fiscal Year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

New revenues generated from Proposition 30 are deposited into a newly created State account called the Education Protection Account (“EPA”). School districts, county offices of education, and charter schools (“LEAs”) will receive funds from the EPA based on their proportionate share of the Statewide revenue limit amount. A corresponding reduction is made to an LEA’s revenue limit equal to the amount of their EPA entitlement. LEAs receive EPA payments quarterly, which began with the 2013-14 Fiscal Year. Beginning Fiscal Year 2013-14, the California Department of Education will allocate EPA revenues on a quarterly basis through the Fiscal Year 2018-19. Payments will equal 25 percent of the annual EPA entitlement and future payments may be adjusted for ADA changes and previous over and under payments of EPA funds.

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Tax revenue received under Proposition 55 is allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act (“Proposition 2”) was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State’s Budget Stabilization Account (the “Stabilization Account”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in Fiscal Year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the “Annual Stabilization Account Transfer”). For a fiscal year in which the estimated State general fund revenues allocable to capital gains

taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a “Supplemental Stabilization Account Transfer”) are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from Fiscal Year 2015-16 through Fiscal Year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After Fiscal Year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a “budget emergency” (defined as an emergency within the meaning of Article XIII B of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, for the current or ensuing Fiscal Year, at a level equal to the highest level of State spending within the three immediately preceding Fiscal Years, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account are limited to the amount necessary to address the budget emergency, and no draw in any Fiscal Year may exceed 50% of the funds on deposit in the Stabilization Account, unless a budget emergency was declared in the preceding Fiscal Year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the “Public School System Stabilization Account”) into which transfers will be made in any Fiscal Year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (i) the minimum funding guarantee was not suspended in the immediately preceding Fiscal Year, (ii) the operative Proposition 98 formula for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the Fiscal Year in which a Public School System Stabilization Account transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the Fiscal Year in which a Public School System Stabilization Account transfer might be made is higher than the immediately preceding Fiscal Year, as adjusted for ADA growth and cost of living.

Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any Fiscal Year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, in any Fiscal Year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living, Proposition 2 also mandates draws on the Public School System Stabilization Account.

Proposition 22

Under Proposition 1A, the State no longer has the authority to permanently shift city, county, and special district property tax revenues to schools, or take certain other actions that affect local governments. In addition, Proposition 1A restricts the State's ability to borrow state gasoline sales tax revenues. These provisions in the Constitution, however, do not eliminate the State's authority to temporarily borrow or redirect some city, county, and special district funds or the State's authority to redirect local redevelopment agency revenues. However, Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, reduces or eliminates the State's authority: (1) to use State fuel tax revenues to pay debt service on state transportation bonds; (2) to borrow or change the distribution of state fuel tax revenues; (3) to direct redevelopment agency property taxes to any other local government; (4) to temporarily shift property taxes from cities, counties, and special districts to schools; (5) and to use vehicle license fee revenues to reimburse local governments for state mandated costs. As a result, Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual State budget process.

Future Initiatives

Article XIII A, Article XIII B and Propositions 1A, 2, 22, 30, 39, 46, 51, 55, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting Participants' revenues or their ability to expend revenues.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Participants, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes designated as and comprising interest with respect to the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by each Participant and others in connection with the Notes, and Bond Counsel has assumed compliance by each Participant with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes designated as and comprising interest with respect to the Certificates from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Participants, under existing statutes, interest on the Notes designated as and comprising interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes or the Certificates, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the date of execution and delivery, and assumes no obligation to update, revise or supplement its opinion after the date of execution and delivery to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes designated as and comprising interest with respect to the Certificates.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance of the Notes and execution and delivery of the Certificates in order that interest on the Notes designated as and comprising interest with respect to the Certificates be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes and Certificates, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes and the Certificates to become included in gross income for federal income tax purposes retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is discovered. Each of the Participants has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes which is designated as and comprises interest with respect to the Certificates from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Certificates. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Certificate. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Certificates.

Prospective owners of the Certificates should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes designated as and comprising interest with respect to the Certificates may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable with respect to the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Certificate”). In general, under Section 171 of the Code, an owner of a Premium Certificate must amortize the bond premium over the remaining term of the Premium Certificate, based on the owner’s yield over the remaining term of the Premium Certificate, determined based on constant yield principles (in certain cases involving a Premium Certificate callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Certificate). An owner of a Premium Certificate must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Certificate, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Certificate may realize a taxable gain upon disposition of the Premium Certificate even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Certificates should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Certificates.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Certificates. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Certificate through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest with respect to the Certificates from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes designated as and comprising interest with respect to the Certificates under federal or state law or otherwise prevent beneficial owners of the Notes designated as and comprising interest with respect to the Certificates from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Certificates.

Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE

Continuing Disclosure. Each Participant has covenanted in its respective Participant Resolution to file with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system notices of the following events for so long as the Certificates are outstanding:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. modifications to rights of holders, if material.
4. Bond calls, if material and tender offers.
5. defeasances.
6. rating changes with respect to the related Series of Participation Certificates.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes and the related Series of Participation Certificates, or other material events affecting the tax status of the Notes and the related Series of Participation Certificates.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. release, substitution or sale of property securing repayment of the Notes and the related Series of Participation Certificates, if material.
11. bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar

officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

12. substitution of credit or liquidity providers, or their failure to perform with respect to its Note and the related Series of Participation Certificates;
13. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional Certificate Agent or the change of name of a Certificate Agent, if material;
15. incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Note holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

“Financial Obligation” means “financial obligation” as such term is defined in 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.

There are currently no debt service reserves or liquidity providers in place with respect to the payment of principal and interest with respect to the Certificates, and the Certificates are not subject to prepayment prior to their Maturity Dates in accordance with their terms. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. Each Participant’s continuing disclosure obligations under its respective Participant Resolution shall terminate upon payment in full of its respective Note. If such termination occurs or is deemed to occur prior to the final maturity of the Certificates, the Participant shall give notice of such termination in the same manner as for a Notice Event.

In the past five years, Manhattan Beach Unified School District (“Manhattan Beach”), Redondo Beach Unified School District (“Redondo Beach”) and William S. Hart Union High School District (“William S. Hart”) have each timely filed all required disclosures and event notices pursuant to the Rule.

In the past five years, Beverly Hills Unified School District (“Beverly Hills”) did not timely file a notice with respect to an upgrade in the credit rating of Beverly Hills in Fiscal Year 2015-16. Beverly Hills has since made such filing. Beverly Hills has retained Keygent LLC as its dissemination agent in connection with its continuing disclosure obligations.

In the past five years, Burbank Unified School District (“Burbank”) did not timely file its Audited Financial Statements for Fiscal Years 2014-15 as required pursuant to certain of its continuing disclosure undertakings for certain of its outstanding obligations. Burbank has since filed its Audited Financial

Statements for that Fiscal Year. In addition, Burbank's Annual Reports for Fiscal Years 2013-14 through 2016-17 did not include certain information required pursuant to certain of its undertakings for certain of its outstanding obligations. Burbank has since filed complete Annual Reports for such Fiscal Years. Also, Burbank's Fiscal Year 2013-14 First Interim Report and Burbank's Fiscal Year 2015-16 Budget were not timely filed. Burbank has since made such filings for such Fiscal Years. Burbank did not timely file certain notices with respect to credit ratings of Burbank and its bond insurers for Fiscal Year 2013-14, 2016-17 and 2017-18. Burbank has since made such filings Burbank has retained Caldwell Flores Winters, Inc. as its dissemination agent in connection with its continuing disclosure obligations.

In the past five years, Duarte Unified School District ("Duarte") did not timely file its Audited Financial Statements for Fiscal Years 2013-14 through 2015-16 as required pursuant to certain of its continuing disclosure undertakings for certain of its outstanding obligations. Duarte has since filed its Audited Financial Statements for each of these Fiscal Years. In addition, Duarte's Annual Reports for Fiscal Years 2013-14 through 2015-16 did not include certain information required pursuant to certain of its undertakings for certain of its outstanding obligations. Duarte has since filed complete Annual Reports for such Fiscal Years. Duarte did not timely file certain notices with respect to credit ratings of Duarte and its bond insurers for Fiscal Year 2016-17. Duarte has since made such filings. Duarte has retained SCI Consulting Group as its dissemination agent in connection with its continuing disclosure obligations.

In the past five years, Hawthorne School District ("Hawthorne") did not timely file notices with respect to changes in the ratings of certain of its debt resulting from, among other things, recalibration of insurer ratings by the rating agencies. Hawthorne has since made such filings. Hawthorne has retained BLX Group LLC and U.S. Bank Global Corporate Trust Services as its dissemination agents in connection with its continuing disclosure obligations.

In the past five years, Santa Monica-Malibu School District ("Santa Monica-Malibu") failed to timely file its Audited Financial Statement and Annual Report for Fiscal Year 2016-17. Santa Monica-Malibu also failed to timely file their Budget for Fiscal Year 2017-18. Santa Monica Malibu has since made such filings. Santa-Monica Malibu did not timely file certain notices with respect to credit ratings of Santa Monica-Malibu in connection with certain of its outstanding obligations for Fiscal Year 2016-17 and 2018-19. Santa Monica-Malibu failed to include a rating upgrade with respect to the District's Certificates of Participation issues. Santa Monica-Malibu has since made such filings. Santa-Monica Malibu has retained Isom Advisors, a Division of Urban Futures, Inc. as its dissemination agent in connection with its continuing disclosure obligations.

In addition, Manhattan Beach has retained Montague DeRose and Associates, LLC as its dissemination agent in connection with its continuing disclosure obligations; Redondo Beach has retained Isom Advisors, a Division of Urban Futures, Inc., as its dissemination agent in connection with its continuing disclosure obligations; and William S. Hart has retained Cooperative Strategies, LLC, as its dissemination agent in connection with its continuing disclosure obligations.

Other Reports. Each Participant regularly prepares a variety of reports, including audits, budgets and related documents. Any owner of a Certificate may obtain a copy of any such report, as available, from any such Participant at its respective address designated in Appendix A hereto. Additional information regarding this Official Statement may be obtained by contacting: the Los Angeles County Office of Education, 9300 Imperial Highway, Downey, California 90242-2890; Attention, Assistant Director.

LITIGATION

No Litigation. There is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Notes or the execution and delivery of the Certificates; (ii) questioning or affecting

the validity of the Notes, the Certificates or the Resolutions; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes or the Certificates.

There are a number of lawsuits and claims pending against certain of the Participants. The aggregate amount of uninsured liabilities of the Participants which may result from such suits and claims, as determined by the Participants, will not, in the opinion of each Participant (as to its own uninsured liabilities only), materially affect the Participants' finances or impair their ability to pay amounts sufficient to pay principal of and interest on the Notes as evidenced and represented by the Certificates.

Contract Dispute Litigation. Beverly Hills Unified School District ("Beverly Hills") appealed a trial court judgment in Los Angeles Superior Court on a jury verdict against Beverly Hills in the amount of approximately \$23,000,000. This judgment resulted from the termination in 2009 by Beverly Hills of a consulting services contract (the "Contract") with Karen Christiansen and Strategic Concepts, LLC (the "Plaintiffs") involving management of its facilities associated with its general obligation bond program. Christiansen, a school district employee, had persuaded Beverly Hills to convert her position from employee earning \$113,000 a year to independent contractor status. She formed and was the sole owner of a limited liability company, Strategic Concepts, LLC (the "LLC"), which performed her prior work for more than \$1.3 million per year. Later she persuaded Beverly Hills to award her LLC the Contract, a \$16 Million contract, without competitive bidding. Beverly Hills eventually terminated the Contract, demanding the return of all money that it had paid thereunder, asserting that the Contract violated the conflict of interest restrictions of Government Code section 1090 (the "Conflict of Interest Code"). In response, the Plaintiffs filed a lawsuit for breach of the Contract. The trial court concluded that the Conflict of Interest Code did not apply to independent contractors, and that the claimed violation of that Code was not a legally valid ground for termination of the contract, and so instructed the jury. The trial court also did not instruct the jury on competitive bidding requirements, and concluded that a 'termination for convenience' clause in the contract did not limit damages. The jury found in the plaintiff's favor, awarding general contract damages for lost revenues and special contract damages for destruction of the value of the LLC, as well as prejudgment interest and attorney's fees.

Beverly Hills appealed the Superior Court judgment to the California Court of Appeals. On May 10, 2018 the Court of Appeal of the State of California for the 2nd Appellate District reversed the trial court, holding that the Conflict of Interest Code does apply to independent contractors. The Court of Appeal further held that Beverly Hills is entitled to request an appropriate instruction on competitive bidding on retrial. Further, the Court of Appeal rejected the trial court's conclusion that the Contract's 'termination for convenience' clause did not limit damages, holding that, in the event the case is retried, damages would be limited to "compensation for services performed and expenses incurred to the date of termination; lost profits Strategic can prove it suffered for 120 days after termination; and the equivalent of three months' payment based on the average of the three previous months."

After the Court of Appeal issued its decision, the LLC submitted a petition for rehearing which the Court of Appeal subsequently denied. Then, on June 18, 2018, the LLC filed a Petition for Review with the California Supreme Court; that petition was denied on July 25, 2018. On August 3, 2018, the Court of Appeal issued its remittitur to the trial court. At this juncture, there have not been further proceedings in the trial court on remand, and it is not clear whether the Plaintiffs will elect to pursue the action following the Court of Appeal's ruling.

RATINGS

The Series A-1 Certificates and the Series A-2 have been assigned the rating of "SP-1+" by S&P Global Ratings ("S&P"). The ratings reflect only the views of S&P, and the Participants make no representation as to the appropriateness of the ratings. An explanation of the significance of such rating may be obtained at the following address: Standard & Poor's, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. Further, there is no assurance that such ratings will continue for any given

period of time or that it will not be revised or withdrawn entirely if, in the sole judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the trading value and the market price of the Certificates.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Certificates and the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel, the proposed form of which is attached hereto as Appendix C. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California.

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC is employed as Municipal Advisor to the District in connection with the issuance of the Certificates. The Municipal Advisor's compensation for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Montague DeRose and Associates, LLC, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Municipal Advisor to the District has provided the following sentence for inclusion in this Official Statement: The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Participants and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Certificates are being purchased by the Underwriters. Pursuant to the Purchase Contract, dated August __, 2019, by and between the Treasurer and RBC Capital Markets, LLC, as representative of itself and Stifel Nicolaus & Company, Incorporated (the "Purchase Contract"), the Underwriters have agreed to purchase the Certificates at a price of \$_____ which represents the aggregate principal amount of the Notes evidenced and represented by the Certificates in the amount of \$_____, plus a premium in the amount of \$_____ and less an Underwriters' discount of \$_____. The Purchase Contract provides that the Underwriters will purchase all of the Certificates, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by Underwriters' Counsel and certain other conditions.

The Underwriters may offer and sell the Certificates to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of either the County or the Participants. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters

and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the either the County or the Participants.

Conflicts of Interest Disclosures. While Stifel does not believe that the following represents a potential or actual material conflict of interest, we note that: (1) In 2017 and 2018, Stifel made a contribution to assist with the costs of the L.A. County Schools Regionalized Corporation Annual Meeting and (2) On September 28, 2018, Stifel made a contribution to assist with the costs of the LACOE Fiscal Summit Seminar.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Participants and the purchasers or owners of any of the Certificates. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the County nor the Participants have entered into any contractual arrangement to provide information on a continuing basis to investors or any other party. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Participants since the date hereof. The delivery of this Official Statement has been duly authorized by the Participants.

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APPENDIX A

PARTICIPANT INFORMATION AND CASH FLOW STATEMENTS

Unless otherwise indicated, the following information has been provided by the Participants concerning their operations. Additional information concerning the Participants and copies of their most recent (as well as subsequent) audited financial statements may be obtained by contacting a Participant at the address set forth for such Participant in this Appendix A. Capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the forepart of this Official Statement.

The cash flow projections in the following pages represent the current best estimate of the respective Participant, based on information available as of the date of the projections. However, due to the uncertainties inherent in the State of California budgeting process (see “PARTICIPANT FINANCES – State Assistance”), these projections are subject to change and may vary considerably from actual cash flows experienced by the respective Participants during the Fiscal Year 2018-19 and for the Fiscal Year 2019-20. The audited financial statements of the Participants for Fiscal Years 2015-16, 2016-17 and 2017-18 along with certain other information pertaining to the Participants is available at <https://www.lacoe.edu/BusinessServices/BusinessAdvisoryServices/PooledFinancing/TRANS.aspx>. The cashflows have been posted on the above link and will be available through June 1, 2020, the final maturity of the Certificates, and also contains cash flow information pertaining to each Participant in Excel Spreadsheet format. Please note, however, that the material included in the referenced link is accurate only as of its date and should not in any way be deemed to otherwise update any other portions of the Official Statement. The website referred to is maintained by the Los Angeles County Office of Education (“LACOE”) and not by the Participants or the Underwriters, and neither the Participants nor the Underwriters take any responsibility for the continued accuracy of this internet addresses or for the completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT

Beverly Hills Unified School District
255 South Lasky Drive
Beverly Hills, CA 90212
Attn: Chief Administrative Officer

General

Beverly Hills Unified School District (the “District”) was established in 1913 under the laws of the State of California, and was unified in 1935. The District encompasses an area of approximately six square miles and is located in the City of Beverly Hills in the western portion of Los Angeles County. Effective school year 2019-20, the District will operate two K-5 elementary schools, one 6-8 middle school, one 9-12 high school and one continuation school.

See the caption, “LITIGATION” in the forepart of this Official Statement for a discussion of certain litigation affecting the District.

Organization

The District is governed by a five-member Board of Education whose members are elected to four-year terms every two years. Available positions alternate between slates of two and three members.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds:	
Principal balance	\$380,866,507
Unamortized premium	17,717,291
Accreted interest payable	74,496,705
Compensated absences	603,827
Other postemployment benefits (OPEB)	18,228,512
Net Pension Liability	66,574,426
Supplemental employee retirement plan (SERP)	2,947,949
Loans payable	60,000
TOTAL LONG-TERM OBLIGATIONS	<u><u>\$561,495,217</u></u>

The District issued \$160,000,000 aggregate principal amount of Beverly Hills Unified School District (Los Angeles County, California) Election of 2018 General Obligation Bonds, Series A on June 27, 2019 and expects to issue 2019 General Obligation Refunding Bonds (Federally Taxable) in the preliminary aggregate principal amount of \$33,000,000 (the “2019 Refunding Bonds”) in late August 2019. The 2019 Refunding Bonds are being issued to advance refund a portion of the District’s 2012 General Obligation Refunding Bonds.

Collective Bargaining Agreements

The District has contracts with the Beverly Hills Education Association California Teachers Association (“BHEA CTA”) and all three of the classified units through June 30, 2021. Salaries were increased by 4.72% in 2018-19 and the District’s contribution cap for employee health benefits increased from \$9,500 to \$9,750 per year. In 2019-20, the salaries will increase by 4.82% plus a one-time 0.54% bonus; the District’s health benefit cap will rise to \$10,750. All of these changes have been included in the 2019-20 Adopted budget and TRAN cash flow.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- The District is Basic Aid, receiving \$4,140.68 more per ADA from local property taxes than would be received under their LCFF.
- The District is projecting slightly declining enrollment.
- The District is projecting a 5.8% increase in property values based on the Los Angeles County Assessor’s estimates.
- The District has included all of the collective bargaining agreements as noted in the Collective Bargaining Agreements section as well as the projected changes in employment retirement plans in its Cash Flows.

LCFF Funding History and Projection

The District became a “Basic Aid” district (a school district in which the district’s per pupil property tax revenue exceeds its per pupil LCFF) in Fiscal Year 2009-10. For a further description of Basic Aid districts, see “PARTICIPANT FINANCES – K-12 School Districts.”

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19, and an estimate for Fiscal Year 2019-20.

BEVERLY HILLS UNIFIED SCHOOL DISTRICT SUMMARY OF ADA AND LCFF

Fiscal Year	Funded ADA	LCFF	Per ADA Funding ⁽³⁾
2014-15 ⁽¹⁾	4,168	\$7,063.04	\$9,169.53
2015-16 ⁽¹⁾	4,179	7,832.34	9,937.13
2016-17 ⁽¹⁾	3,993	8,279.46	10,818.80
2017-18 ⁽¹⁾	3,867	8,564.99	12,400.77
2018-19 ⁽¹⁾	3,766	9,259.02	13,769.84
2019-20 ⁽²⁾	3,879	9,663.23	13,803.90

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District’s Fiscal Year 2019-20 Adopted Budget

⁽³⁾ As stated above, in Fiscal Year 2009-10, the District became a Basic Aid District. ADA funding is calculated as local property taxes divided by Funded ADA.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUE**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$24,851,838,554	\$541,945,422	\$25,393,783,976
2015-16	27,126,052,407	579,983,988	27,706,036,395
2016-17	28,599,161,738	570,861,939	29,170,023,674
2017-18	31,247,589,182	576,628,245	31,824,217,427
2018-19	33,542,999,774	646,156,472	34,189,156,246

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$2,412,979
2015-16	3,144,186
2016-17	3,718,911
2017-18	4,419,707
2018-19 ⁽¹⁾	5,177,309

⁽¹⁾ Estimated.

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 842,172
2015-16	897,878
2016-17	1,124,973
2017-18	1,371,792
2018-19 ⁽¹⁾	1,700,881

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$18,947,267	\$17,855,942	\$489,280
Medicare Premium Payment Program ⁽²⁾	<u>372,606</u>	<u>372,570</u>	<u>25,124</u>
TOTAL	\$19,319,873	\$18,228,512	\$514,404

⁽¹⁾ Based on a measurement date of June 30, 2018.

⁽²⁾ Based on a measurement date of June 30, 2017.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

<u>Name or Type of Fund</u>	<u>Balance as of June 30, 2018</u>	<u>Projected Balance as of June 30, 2019</u>	<u>Projected Balance as of June 30, 2020</u>
Special Reserve Fund	\$10,381,544	\$10,580,570	\$10,961,921
Capital Facilities Fund	6,685,128	1,964,278	1,965,260
County School Facilities Fund	7,126,041	182,400	182,491
Retiree Benefit Fund	<u>22,290</u>	<u>22,719</u>	<u>22,730</u>
Total	<u>\$24,215,003</u>	<u>\$12,749,967</u>	<u>\$13,132,402</u>

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND <u>2015-16 AUDITED</u>	GENERAL FUND <u>2016-17 AUDITED</u>	GENERAL FUND <u>2017-18 AUDITED</u>
BEGINNING FUND BALANCE	\$ 15,566,744 ⁽¹⁾	\$ 17,313,799	\$ 17,311,843 ⁽¹⁾
Total Revenues	65,697,644	63,506,666	69,381,455
Total Beginning Fund Balance and Revenues	81,264,388	80,820,465	86,693,298
Total Expenditures	63,947,277	65,265,654	68,320,517
Other Financing Sources (Uses)	(3,312)	1,851,973	(149,295)
ENDING FUND BALANCE	<u>\$ 17,313,799</u>	<u>\$ 17,406,784</u>	<u>\$ 18,223,486</u>

⁽¹⁾ Revised Source: District's Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET ⁽¹⁾
FOR DISTRICT GENERAL FUND**

	GENERAL FUND <u>2018-19 BUDGET</u>	GENERAL FUND <u>2019-20 BUDGET</u>
BEGINNING FUND BALANCE	\$ 6,622,222	\$ 5,244,654
Total Revenues	69,902,966	73,749,067
Total Beginning Fund Balance and Revenues	76,525,188	78,993,721
Total Expenditures	71,276,052	75,682,334
Other Financing Sources (Uses)	(285,693)	(376,069)
ENDING FUND BALANCE	<u>\$ 4,963,443</u>	<u>\$ 2,935,318</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS
ENDING JUNE 30, 2016, 2017 AND 2018**

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
Total Assets	\$ 20,358,315	\$ 24,585,531	\$ 26,935,883
Total Liabilities	3,044,516	7,178,747	8,712,397
Fund Balance			
Nonspendable	50,000	50,000	50,000
Restricted	1,241,697	1,625,054	1,599,919
Committed	0	0	0
Assigned	9,296,180	10,278,001	10,438,966
Unassigned	6,725,922	5,453,729	6,134,601
Total Fund Balance	<u>\$ 17,313,799</u>	<u>\$ 17,406,784</u>	<u>\$ 18,223,486</u>
Total Liabilities and Fund Balance	<u>\$ 20,358,315</u>	<u>\$ 24,585,531</u>	<u>\$ 26,935,883</u>

Source: District's Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES**

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$34,799,963.67	\$515,179.16	1.48%
2014-15	36,770,214.52	531,736.79	1.45
2015-16	40,318,075.94	574,470.16	1.42
2016-17	42,421,055.01	506,052.81	1.19
2017-18	46,658,782.05	582,153.59	1.25
			%Del.
	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>June 30</u>
2013-14	\$23,910,686.02	\$388,328.27	1.62%
2014-15	11,673,782.33	287,303.44	2.46
2015-16	18,124,230.78	210,276.82	1.16
2016-17	28,622,827.44	308,102.47	1.08
2017-18	25,767,497.98	470,286.38	1.83

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

19. The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Douglas Emmett LLC	Office Building	\$ 555,590,126	1.66%
2.	Wanda Beverly Hills Properties	Commercial	443,631,762	1.32
3.	Sloane Two Rodeo LLC	Shopping Center	294,374,646	0.88
4.	Tmine Inc.	Commercial	288,012,184	0.86
5.	Sajahtera Inc.	Hotel	276,662,450	0.82
6.	Oasis West Realty LLC	Hotel	259,242,475	0.77
7.	TREA Wilshire Rodeo LLC	Commercial	235,045,168	0.70
8.	Metropolitan Crescent Associates	Apartments	212,248,589	0.63
9.	Beverly Wilshire Owner LP	Office Building	203,241,341	0.61
10.	B W Hotel LLC	Hotel	196,945,708	0.59
11.	Beverly Hills Luxury Hotel LLC	Hotel	181,127,001	0.54
12.	Saks Beverly Hills LLC, Lessor	Commercial	179,989,197	0.54
13.	UTA Plaza LLC	Office Building	179,565,237	0.54
14.	De Pacific 9665 LLC	Office Building	177,350,000	0.53
15.	Maple Plaza LP	Office Building	155,871,634	0.46
16.	DE Wilshire Canon LLC	Office Building	143,600,000	0.43
17.	G and L 436 Bedford LLC	Office Building	137,314,592	0.41
18.	100 N Crescent LLC	Office Building	135,252,000	0.40
19.	420 N Rodeo Drive LLC	Commercial	124,440,000	0.37
20.	338 342 North Rodeo Drive LLC	Commercial	<u>118,221,721</u>	<u>0.35</u>
			\$4,497,725,831	13.41%

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$33,542,999,774.
Source: California Municipal Statistics, Inc.

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Beverly Hills Unified School District**

	FY 2017-18 Cash Flows												Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	66,937	66,937	320,146	120,486	120,486	320,145	120,486	120,486	300,915	120,486	120,486	314,363	-	2,112,359
Property Taxes	918,738	1,664,683	-	-	539,770	18,770,239	4,692,608	5,063,988	134,953	10,904,662	4,973,410	42,263	-	47,705,313
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	-	-	198,935	6,079	14,504	(102,039)	84,942	-	164,456	(1)	-	1,092,889	(1,053)	1,458,712
Other State Revenue	-	-	209,537	9,483	180,449	314,150	-	-	196,078	495,586	190,436	614,966	(563)	2,210,121
Other Local Revenue	4,985	219,754	192,458	398	491,046	5,225,394	50,718	996,978	269,414	579,634	5,767,150	1,864,103	71,910	15,733,943
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	44	-	44
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	990,660	1,951,373	921,075	136,446	1,346,254	24,527,889	4,948,754	6,181,452	1,065,816	12,100,368	11,051,482	3,928,628	70,294	69,220,491
EXPENDITURES														
Certificated Salaries	7,212	275,632	2,631,600	2,604,382	2,875,002	2,732,737	2,852,460	2,682,901	2,765,747	2,778,864	2,749,799	5,689,154	-	30,645,490
Classified Salaries	1,077	478,728	757,601	799,677	921,144	844,701	855,080	879,970	834,237	845,080	902,802	1,780,797	-	9,900,895
Employee Benefits	485,481	226,946	1,121,097	1,127,267	1,205,178	1,158,318	1,217,723	1,180,917	1,185,205	1,587,464	1,197,088	2,620,607	-	14,313,292
Books and Supplies	42,435	93,605	226,191	169,822	103,609	78,170	166,060	104,972	103,530	168,903	143,422	231,279	16,107	1,648,105
Services	472,964	693,340	765,269	998,004	803,372	866,137	786,902	942,019	863,838	1,050,445	1,543,011	2,021,826	-	11,807,127
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	1,006	-	1,006
Other Outgo	-	-	4,540	-	-	-	-	-	-	-	62	-	-	4,602
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	149,295	-	149,295
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,009,170	1,768,251	5,506,297	5,699,152	5,908,306	5,680,062	5,878,226	5,790,779	5,752,557	6,430,756	6,536,184	12,493,964	16,107	68,469,812
REVENUES MINUS EXPENDITURES	(18,510)	183,123	(4,585,222)	(5,562,706)	(4,562,052)	18,847,827	(929,472)	390,673	(4,686,742)	5,669,611	4,515,298	(8,565,336)	54,187	750,679
BALANCE SHEET TRANSACTIONS														
Total Current Assets	13,426	2,038	945,494	2,720	413,925	409,121	27,958	(35,481)	32,577	(18,811)	35,773	(1,834,142)	(71,910)	(77,312)
Total Current Liabilities	(4,912,339)	(1,163,270)	232,384	124,995	381,107	(183,700)	245,090	(6,466)	378,022	297,373	(93,795)	6,121,586	17,723	1,438,709
TOTAL BALANCE SHEET TRANS.	(4,898,912)	(1,161,232)	1,177,877	127,716	795,031	225,420	273,048	(41,947)	410,599	278,562	(58,022)	4,287,444	(54,187)	1,361,397
BEG. CASH BALANCE, BEFORE TRAN	11,830,375	6,912,953	5,934,843	2,527,498	(2,907,492)	(6,674,513)	12,398,735	11,742,311	12,091,037	7,814,895	13,763,068	18,220,343	13,942,451	
NET CHANGE IN CASH	(4,917,422)	(978,110)	(3,407,345)	(5,434,991)	(3,767,020)	19,073,247	(656,424)	348,726	(4,276,142)	5,948,173	4,457,276	(4,277,892)	-	2,112,076
END. CASH BALANCE, BEFORE TRAN	6,912,953	5,934,843	2,527,498	(2,907,492)	(6,674,513)	12,398,735	11,742,311	12,091,037	7,814,895	13,763,068	18,220,343	13,942,451	13,942,451	
TRAN BORROWING														
TRAN Receipts	-	12,895,000	-	-	-	-	-	-	-	-	-	-	-	12,895,000
TRAN Disbursements	-	-	-	-	-	-	(6,447,500)	-	-	-	(6,738,712)	-	-	(13,186,212)
BEG. CASH BALANCE, AFTER TRAN	11,830,375	6,912,953	18,829,843	15,422,498	9,987,508	6,220,487	25,293,735	18,189,811	18,538,537	14,262,395	20,210,568	17,929,131	13,651,239	
NET CHANGE IN CASH	(4,917,422)	11,916,890	(3,407,345)	(5,434,991)	(3,767,020)	19,073,247	(7,103,924)	348,726	(4,276,142)	5,948,173	(2,281,436)	(4,277,892)	-	1,820,864
END. CASH BALANCE, AFTER TRAN	6,912,953	18,829,843	15,422,498	9,987,508	6,220,487	25,293,735	18,189,811	18,538,537	14,262,395	20,210,568	17,929,131	13,651,239	13,651,239	

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Beverly Hills Unified School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total	
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	66,937	66,937	313,841	120,486	120,486	313,840	120,486	120,486	298,052	120,486	120,486	329,668	-	2,112,191	
Property Taxes	1,323,822	1,735,289	(4,905)	-	598,414	20,159,428	5,056,720	2,670,242	39,165	14,601,655	6,014,139	46,546	-	52,240,515	
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Federal Revenue	8,079	-	-	118,345	-	-	23,982	-	309,827	123,010	-	211,122	905,496	1,699,861	
Other State Revenue	-	-	201,036	-	-	253,384	557,135	10,308	329,845	62,834	-	474,467	147,565	2,036,574	
Other Local Revenue	(18,862)	247,034	2,949,108	3,048,833	133,327	41,042	885,480	246,058	3,182,997	218,701	211,407	3,108,648	1,449,872	15,703,646	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	1,379,976	2,049,260	3,459,080	3,287,664	852,228	20,791,677	6,619,821	3,047,094	4,159,885	15,126,686	6,346,032	4,170,452	2,502,933	73,792,787	
EXPENDITURES															
Certificated Salaries	11,260	247,186	2,699,176	2,744,377	2,714,809	2,860,903	3,420,268	2,825,015	2,831,410	2,839,030	2,866,738	5,841,324	-	31,901,495	
Classified Salaries	(3,816)	468,643	812,706	798,357	910,430	910,179	1,001,224	977,615	902,085	919,384	1,040,287	1,956,383	-	10,693,477	
Employee Benefits	714,053	255,935	1,185,483	1,235,061	1,247,709	1,269,493	1,487,956	1,325,430	1,651,722	1,722,956	1,347,224	2,012,053	1,049,892	16,504,966	
Books and Supplies	15,658	249,872	192,903	236,288	176,633	216,175	86,836	64,818	84,101	139,962	198,902	135,507	281,456	2,079,112	
Services	655,571	665,805	867,345	920,777	1,257,077	721,960	961,787	1,077,338	905,957	663,986	677,977	1,288,919	2,311,462	12,975,961	
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	13,910	-	13,910	
Other Outgo	-	-	-	-	-	-	-	-	-	-	-	5,000	-	5,000	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	211,167	-	211,167	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	1,392,725	1,887,441	5,757,612	5,934,860	6,306,659	5,978,710	6,958,071	6,270,216	6,375,275	6,285,318	6,131,128	11,464,263	3,642,810	74,385,088	
REVENUES MINUS EXPENDITURES	(12,749)	161,818	(2,298,532)	(2,647,195)	(5,454,431)	14,812,966	(338,249)	(3,223,122)	(2,215,390)	8,841,368	214,903	(7,293,811)	(1,139,877)	(592,302)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	391,523	(955,312)	1,251,593	14,092	60,438	(16,890)	643,442	255,397	329,261	47,812	(424,202)	561,111	(2,502,933)	(344,669)	
Total Current Liabilities	(4,188,396)	(1,716,524)	(16,058)	397,492	(551,542)	(3,874,229)	2,221,327	500,391	743,874	(195,488)	515,648	4,112,758	3,642,810	1,592,064	
TOTAL BALANCE SHEET TRANS.	(3,796,873)	(2,671,836)	1,235,535	411,584	(491,104)	(3,891,119)	2,864,769	755,787	1,073,135	(147,676)	91,445	4,673,869	1,139,877	1,247,394	
BEG. CASH BALANCE, BEFORE TRAN	13,942,451	10,132,828	7,622,811	6,559,814	4,324,202	(1,621,333)	9,300,515	11,827,034	9,359,700	8,217,445	16,911,137	17,217,486	14,597,544		
NET CHANGE IN CASH	(3,809,623)	(2,510,018)	(1,062,997)	(2,235,612)	(5,945,535)	10,921,848	2,526,520	(2,467,335)	(1,142,255)	8,693,692	306,349	(2,619,942)	-	655,093	
END. CASH BALANCE, BEFORE TRAN	10,132,828	7,622,811	6,559,814	4,324,202	(1,621,333)	9,300,515	11,827,034	9,359,700	8,217,445	16,911,137	17,217,486	14,597,544	14,597,544		
TRAN BORROWING															
TRAN Receipts	-	12,925,000	-	-	-	-	-	-	-	-	-	-	-	12,925,000	
TRAN Disbursements	-	-	-	-	-	-	(6,462,500)	-	-	-	(6,462,500)	-	-	(12,925,000)	
BEG. CASH BALANCE, AFTER TRAN	13,942,451	10,132,828	20,547,811	19,484,814	17,249,202	11,303,667	22,225,515	18,289,534	15,822,200	14,679,945	23,373,637	17,217,486	14,597,544		
NET CHANGE IN CASH	(3,809,623)	10,414,982	(1,062,997)	(2,235,612)	(5,945,535)	10,921,848	(3,935,980)	(2,467,335)	(1,142,255)	8,693,692	(6,156,151)	(2,619,942)	-	655,093	
END. CASH BALANCE, AFTER TRAN	10,132,828	20,547,811	19,484,814	17,249,202	11,303,667	22,225,515	18,289,534	15,822,200	14,679,945	23,373,637	17,217,486	14,597,544	14,597,544		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Beverly Hills Unified School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	64,422	64,422	316,558	115,959	115,959	316,557	115,959	115,959	316,182	115,959	115,959	318,286	-	2,092,181
Property Taxes	361,463	2,002,837	-	(25,358)	599,569	21,254,948	5,319,220	2,986,721	133,497	14,940,686	5,917,460	51,394	-	53,542,437
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	-	12,235	104,946	1,761	9,743	343,839	24,461	-	(223,276)	-	8,882	1,331,069	2,363	1,616,023
Other State Revenue	181,692	865	-	86,686	93,181	170,002	203,006	43,471	(201,990)	146,464	1,027	278,605	3,366	1,006,375
Other Local Revenue	3,167	224,875	2,664,655	289,675	146,831	2,591,462	244,616	444,089	2,792,971	387,973	2,408,382	217,728	3,075,628	15,492,052
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	610,744	2,305,234	3,086,159	468,723	965,283	24,676,808	5,907,262	3,590,240	2,817,384	15,591,082	8,451,710	2,197,082	3,081,357	73,749,068
EXPENDITURES														
Certificated Salaries	9,873	296,164	2,791,755	2,961,367	3,111,062	3,075,244	3,123,618	2,981,573	3,083,284	3,031,712	3,047,873	6,345,835	-	33,859,360
Classified Salaries	2,780	478,983	798,836	941,555	1,023,828	977,492	946,598	1,062,360	963,901	1,000,193	1,029,157	1,883,788	-	11,109,471
Employee Benefits	939,743	265,682	1,299,659	1,428,689	1,457,150	1,414,423	1,487,549	1,455,081	1,459,690	1,861,135	1,469,177	2,358,290	646,527	17,542,795
Books and Supplies	11,159	105,865	186,957	70,515	113,923	428,474	437,103	122,122	84,175	53,483	83,891	280,641	4,608	1,982,916
Services	147,107	981,217	547,759	943,593	920,526	844,267	1,227,924	645,190	868,699	849,195	737,042	2,088,110	382,163	11,182,792
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outgo	-	-	-	-	-	-	-	-	-	-	-	5,000	-	5,000
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	376,069	-	376,069
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,110,662	2,127,911	5,624,966	6,345,719	6,626,489	6,739,900	7,222,792	6,266,326	6,459,749	6,795,718	6,367,140	13,337,733	1,033,298	76,058,403
REVENUES MINUS EXPENDITURES	(499,918)	177,323	(2,538,807)	(5,876,996)	(5,661,206)	17,936,908	(1,315,530)	(2,676,086)	(3,642,365)	8,795,364	2,084,570	(11,140,651)	2,048,059	(2,309,335)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	846,297	200,300	37,066	-	-	-	-	-	-	-	-	-	(3,081,357)	(1,997,694)
Total Current Liabilities	(4,442,400)	(1,360,600)	(174,828)	-	-	-	-	-	-	-	-	4,968,708	1,033,298	24,178
TOTAL BALANCE SHEET TRANS.	(3,596,103)	(1,160,300)	(137,762)	-	-	-	-	-	-	-	-	4,968,708	(2,048,059)	(1,973,516)
BEG. CASH BALANCE, BEFORE TRAN	14,597,544	10,501,523	9,518,546	6,841,977	964,981	(4,696,225)	13,240,683	11,925,153	9,249,067	5,606,702	14,402,066	16,486,636	10,314,693	
NET CHANGE IN CASH	(4,096,021)	(982,977)	(2,676,569)	(5,876,996)	(5,661,206)	17,936,908	(1,315,530)	(2,676,086)	(3,642,365)	8,795,364	2,084,570	(6,171,943)	-	(4,282,851)
END. CASH BALANCE, BEFORE TRAN	10,501,523	9,518,546	6,841,977	964,981	(4,696,225)	13,240,683	11,925,153	9,249,067	5,606,702	14,402,066	16,486,636	10,314,693	10,314,693	
TRAN BORROWING														
TRAN Receipts	-	10,890,000	-	-	-	-	-	-	-	-	-	-	-	10,890,000
TRAN Disbursements	-	-	-	-	-	-	(5,445,000)	-	-	-	(5,445,000)	-	-	(10,890,000)
BEG. CASH BALANCE, AFTER TRAN	14,597,544	10,501,523	20,408,546	17,731,977	11,854,981	6,193,775	24,130,683	17,370,153	14,694,067	11,051,702	19,847,066	16,486,636	10,314,693	
NET CHANGE IN CASH	(4,096,021)	9,907,023	(2,676,569)	(5,876,996)	(5,661,206)	17,936,908	(6,760,530)	(2,676,086)	(3,642,365)	8,795,364	(3,360,430)	(6,171,943)	-	(4,282,851)
END. CASH BALANCE, AFTER TRAN	10,501,523	20,408,546	17,731,977	11,854,981	6,193,775	24,130,683	17,370,153	14,694,067	11,051,702	19,847,066	16,486,636	10,314,693	10,314,693	

BURBANK UNIFIED SCHOOL DISTRICT

Burbank Unified School District
1900 West Olive Boulevard
Burbank, CA 91506
Attn: Assistant Superintendent, Administrative Services

General

The Burbank Unified School District (the “District”) was first established on July 1, 1936. The District is located in Los Angeles County, California, and is comprised of approximately 17 square miles. The District has boundaries contiguous with the City of Burbank, about 12 miles northeast of downtown Los Angeles. The District includes 11 elementary schools, three middle schools, two comprehensive high schools, one adult school, a continuation high school, a special education school, and 11 daycare centers.

Organization

The governing board of the District is the Board of Education of the Burbank Unified School District (the “Board”). The Board consists of five members who are elected by geographic area to overlapping four-year terms at elections held every two years.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds payable and related premium	\$144,121,835
General obligation bonds, accreted interest	49,017,051
Net pension liability	176,961,972
Compensated Absences	1,508,428
Capital leases	17,918,114
OPEB obligation – net	<u>37,738,270</u>
TOTAL LONG-TERM OBLIGATIONS	<u>\$ 427,265,670</u>

Collective Bargaining Agreements

The District has settled with its certificated bargaining unit, the Burbank Teachers Association for Fiscal Year 2018-19. The District and the classified bargaining unit have agreed to continue to work under the terms of their expired agreement until a new agreement has been made.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- The District is assuming stable enrollment for Fiscal Year 2019-20 from Fiscal Year 2018-19.
- The District is using the May Revision assumptions for its Fiscal Year 2019-20 budget. These include a 3.26% increase to the LCFF base
- The District has included increases due to the step and column method of teacher pay and in STRS and PERS as well as a 1% increase in salaries on the schedule, in its expenditure assumptions. Note that the District has only settled for 2018-19 with its certificated staff (at 1% on schedule) but has assumed placeholders for the remainder of the employees in the expenditure assumptions in the cash flow.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

BURBANK UNIFIED SCHOOL DISTRICT SUMMARY OF ADA AND LCFF

<u>Fiscal Year</u>	<u>Funded ADA</u>	<u>LCFF</u>
2014-15 ⁽¹⁾	14,792	\$7,063.57
2015-16 ⁽¹⁾	14,781	7,902.21
2016-17 ⁽¹⁾	14,660	8,322.63
2017-18 ⁽¹⁾	14,705	8,523.90
2018-19 ⁽¹⁾	14,612	9,139.39
2019-20 ⁽²⁾	14,689	9,459.06

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District's Fiscal Year 2019-20 Adopted Budget.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

**BURBANK UNIFIED SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUE**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$17,877,492,083	\$1,684,179	\$1,837,622,223	\$19,716,798,485
2015-16	18,694,283,630	1,634,126	2,048,218,369	20,744,136,125
2016-17	19,559,050,181	1,475,145	1,896,328,292	21,456,853,618
2017-18	20,885,499,678	1,414,949	2,201,395,064	23,088,309,691
2018-19	21,953,687,496	1,339,097	1,994,630,087	23,949,656,680

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 5,708,080
2015-16	7,279,029
2016-17	9,259,795
2017-18	10,619,489
2018-19 ⁽¹⁾	12,483,404

⁽¹⁾ Estimated

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$2,874,389
2015-16	3,089,291
2016-17	3,969,039
2017-18	4,487,272
2018-19 ⁽¹⁾	5,738,927

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	<u>\$44,933,699</u>	<u>\$37,738,270</u>	<u>\$1,363,850</u>
TOTAL	\$44,933,699	\$37,738,270	\$1,363,850

⁽¹⁾Based on a measurement date of June 30, 2018.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

<u>Name or Type of Fund</u>	<u>Balance as of June 30, 2018</u>	<u>Projected Balance as of June 30, 2019</u>	<u>Projected Balance as of June 30, 2020</u>
Adult School	\$ 4,707,865	\$ 4,225,235	\$ 3,788,317
Food Service	668,415	367,399	49,308
Deferred Maintenance	397,534	653,774	784,524
Capital Facilities	591,660	144,538	428,604
Special Reserve for Capital Outlay	<u>10,843,033</u>	<u>8,592,413</u>	<u>8,828,684</u>
Total	\$17,208,507	\$13,983,359	\$13,879,437

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**BURBANK UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
BEGINNING FUND BALANCE	\$ 19,346,392	\$ 27,785,415	\$ 18,923,094
Total Revenues	154,512,678	156,454,194	156,753,456
Total Beginning Fund Balance and Revenues	173,859,070	184,239,609	175,676,550
Total Expenditures	147,340,522	165,489,934	160,703,464
Other Financing Sources (Uses)	1,266,867	173,419	(634,693)
ENDING FUND BALANCE	<u>\$ 27,785,415</u>	<u>\$ 18,923,094</u>	<u>\$ 14,338,393</u>

Source: District's Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

**BURBANK UNIFIED SCHOOL DISTRICT
SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾
FOR DISTRICT GENERAL FUND**

	GENERAL FUND 2018-19 BUDGET	GENERAL FUND 2019-20 BUDGET
BEGINNING FUND BALANCE	\$ 9,342,236	\$ 7,665,470
Total Revenues	158,200,653	161,805,214
Total Beginning Fund Balance and Revenues	167,542,889	169,470,684
Total Expenditures	157,406,872	162,123,978
Other Financing Sources (Uses)	(296,282)	(1,084,027)
ENDING FUND BALANCE	<u>\$ 9,839,735</u>	<u>\$ 6,262,679</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

**BURBANK UNIFIED SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
Total Assets	\$ 47,685,846	\$ 35,748,753	\$ 29,807,453
Total Liabilities	19,900,431	16,825,659	15,469,060
Fund Balance			
Nonspendable	101,992	105,504	124,497
Restricted	4,658,155	4,694,170	3,419,550
Assigned	5,035,555	2,330,448	3,195,155
Unassigned	17,989,713	11,792,972	7,599,191
Total Fund Balance	27,785,415	18,923,094	14,338,393
Total Liabilities and Fund Balance	\$ 47,685,846	\$ 35,748,753	\$ 29,807,453

Source: District's Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

**BURBANK UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES**

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$34,175,149.65	\$507,000.58	1.48%
2014-15	35,558,607.61	515,253.85	1.45
2015-16	37,507,701.49	535,415.66	1.43
2016-17	38,712,703.92	462,718.48	1.20
2017-18	41,893,189.63	523,721.14	1.25
	Secured Tax Charge ⁽²⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$ 8,291,705.91	\$79,235.42	0.96%
2014-15	10,277,764.95	78,628.23	0.77
2015-16	8,382,700.75	61,140.43	0.73
2016-17	10,071,293.17	70,738.10	0.70
2017-18	10,442,458.50	72,715.61	0.70

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

19. The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**BURBANK UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Warner Bros. Entertainment Inc.	Movie/TV Studio	\$ 703,779,145	3.21%
2.	Catalina Media Development LLC	Movie/TV Studio	508,414,486	2.32
3.	Walt Disney Productions Inc.	Movie/TV Studio	445,200,621	2.03
4.	CAPREF Burbank LLC, Lessee	Shopping Center	275,154,753	1.25
5.	PI Hudson MC Partners LLC	Office Building	229,980,577	1.05
6.	3800 Alameda Owner LLC	Office Building	188,399,769	0.86
7.	Burbank Empire Center LLC, Lessor	Shopping Center	185,307,876	0.84
8.	Ikea Property Inc.	Commercial	174,049,688	0.79
9.	P2 Hudson MC Partners LLC	Office Building	140,693,998	0.64
10.	Douglas Emmett Studio Plaza LLC	Movie/TV Studio	123,539,669	0.56
11.	AWH Burbank Hotel LLC	Hotel	122,791,610	0.56
12.	Tower Burbank Owner LLC	Office Building	117,433,360	0.53
13.	Teachers Insurance and Annuity Association	Apartments	110,390,676	0.50
14.	Avalon Promenade Inc.	Apartments	88,226,606	0.40
15.	2350 West Empire Avenue	Office Building	83,596,140	0.38
16.	Burbank Media Village LLC	Apartments	81,331,728	0.37
17.	REEP OFC 2300 Empire LLC	Office Building	74,492,742	0.34
18.	Del Rey Properties LLC	Office Building	74,439,751	0.34
19.	Bay Apartment Communities Inc.	Apartments	73,261,203	0.33
20.	Burbank Industrial Investors LP	Industrial	<u>72,307,800</u>	<u>0.33</u>
			<u>\$3,872,792,198</u>	<u>17.64%</u>

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$21,953,687,496.
Source: California Municipal Statistics, Inc.

**BURBANK UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Burbank Unified School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	3,306,848	3,306,848	9,644,317	5,952,327	5,952,327	10,583,884	5,952,327	3,701,337	13,081,607	3,704,703	3,656,987	7,494,712	(2,960,125)	73,378,099	
Property Taxes	105,164	734,344	-	-	337,110	13,602,782	9,111,381	4,619,762	67,654	7,075,720	7,891,320	6,677,803	-	50,223,040	
Miscellaneous Funds	-	-	(613,900)	-	857,117	-	416,338	-	-	(485,985)	-	458,339	(255,570)	376,338	
Federal Revenue	-	38,103	174,092	30,482	66,646	69,140	840,498	16,330	445,333	1,606	342,089	3,605,817	34,934	5,665,069	
Other State Revenue	394,787	1,834,861	1,559,854	742,150	1,721,569	4,187,528	708,800	(1,435,098)	1,249,123	1,688,622	1,571,905	3,280,046	5,166,530	22,670,677	
Other Local Revenue	(394)	99,472	466,695	1,334,588	167,298	212,852	858,254	434,067	283,782	934,739	144,061	1,406,892	(1,720,699)	4,621,607	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	3,806,405	6,013,628	11,231,058	8,059,547	9,102,067	28,656,187	17,887,597	7,336,398	15,127,499	12,919,404	13,606,361	22,923,609	265,070	156,934,830	
EXPENDITURES															
Certificated Salaries	94,705	6,136,860	6,279,824	6,453,437	6,598,329	6,563,666	6,498,486	6,477,025	6,593,114	6,488,457	6,617,188	8,010,996	(103,693)	72,708,393	
Classified Salaries	21,813	1,236,638	1,941,151	2,291,143	2,315,670	2,278,970	2,274,139	2,301,683	2,288,762	2,314,929	2,340,941	3,743,923	7,279	25,357,041	
Employee Benefits	56,091	1,631,070	3,071,350	3,186,329	3,212,143	3,193,364	3,214,337	3,209,449	3,215,869	3,214,011	2,355,800	3,452,363	6,167,873	39,180,049	
Books and Supplies	73,099	443,772	344,698	307,144	355,483	138,164	288,453	160,206	313,081	359,636	318,716	212,511	8,902	3,323,865	
Services	755,155	1,148,287	1,892,112	1,872,353	1,024,364	1,103,022	1,690,112	1,278,892	1,105,463	1,675,174	1,408,502	2,727,920	52,042	17,733,397	
Capital Outlay	-	(5,075)	-	12,172	-	5,186	8,613	5,837	-	12,670	99,164	303,384	157,833	599,783	
Other Outgo	254,865	36,128	133,305	321,418	133,478	133,458	131,219	133,498	142,936	127,459	127,459	953,915	(828,202)	1,800,936	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	634,693	634,693	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	1,255,729	10,627,680	13,662,439	14,443,995	13,639,469	13,415,829	14,105,358	13,566,590	13,659,225	14,192,335	13,267,770	19,405,012	6,096,727	161,338,157	
REVENUES MINUS EXPENDITURES	2,550,676	(4,614,052)	(2,431,381)	(6,384,448)	(4,537,402)	15,240,358	3,782,239	(6,230,192)	1,468,274	(1,272,930)	338,591	3,518,597	(5,831,657)	(4,403,327)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	79,018	2,234,424	2,207,715	77,376	(21,890)	17,042	432,810	497,813	381,155	846,821	11,596	(4,803,235)	(690,755)	1,269,889	
Total Current Liabilities	(7,187,031)	(5,800,340)	(1,198,688)	2,071,965	(2,242,046)	5,946,699	(5,632,999)	215,380	(5,546,356)	2,678,845	(686,553)	9,036,177	6,811,386	(1,533,563)	
TOTAL BALANCE SHEET TRANS.	(7,108,013)	(3,565,917)	1,009,027	2,149,340	(2,263,937)	5,963,741	(5,200,189)	713,192	(5,165,201)	3,525,665	(674,957)	4,232,942	6,120,631	(263,673)	
BEG. CASH BALANCE, BEFORE TRAN	27,739,865	23,182,528	15,002,559	13,580,205	9,345,098	2,543,760	23,747,859	22,329,909	16,812,910	13,115,983	15,368,718	15,032,352	22,783,890		
NET CHANGE IN CASH	(4,557,337)	(8,179,969)	(1,422,354)	(4,235,108)	(6,801,338)	21,204,099	(1,417,950)	(5,517,000)	(3,696,927)	2,252,735	(336,366)	7,751,539	288,975	(4,667,001)	
END. CASH BALANCE, BEFORE TRAN	23,182,528	15,002,559	13,580,205	9,345,098	2,543,760	23,747,859	22,329,909	16,812,910	13,115,983	15,368,718	15,032,352	22,783,890	23,072,865		
TRAN BORROWING															
TRAN Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TRAN Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BEG. CASH BALANCE, AFTER TRAN	27,739,865	23,182,528	15,002,559	13,580,205	9,345,098	2,543,760	23,747,859	22,329,909	16,812,910	13,115,983	15,368,718	15,032,352	22,783,890		
NET CHANGE IN CASH	(4,557,337)	(8,179,969)	(1,422,354)	(4,235,108)	(6,801,338)	21,204,099	(1,417,950)	(5,517,000)	(3,696,927)	2,252,735	(336,366)	7,751,539	288,975	(4,667,001)	
END. CASH BALANCE, AFTER TRAN	23,182,528	15,002,559	13,580,205	9,345,098	2,543,760	23,747,859	22,329,909	16,812,910	13,115,983	15,368,718	15,032,352	22,783,890	23,072,865		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Burbank Unified School District**

	FY 2018-19 Cash Flows													Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	3,183,299	3,183,299	11,191,375	5,729,939	5,729,939	11,191,376	5,729,939	5,452,824	11,134,083	5,452,816	5,452,824	8,538,000	3,410,283	85,379,996	
Property Taxes	937,579	765,434	35,206	-	422,560	14,123,250	9,013,320	2,499,543	(84,703)	9,982,690	7,101,402	5,680,203	(1,970,066)	48,506,418	
Miscellaneous Funds	-	-	(613,900)	-	-	-	528,847	-	-	-	-	-	(788,379)	(873,432)	
Federal Revenue	-	1,058	158,249	531,823	(36,763)	5,682	878,324	19,450	72,305	209,409	11,234	705,814	3,621,758	6,178,342	
Other State Revenue	410,849	1,300,204	1,497,061	624,855	1,055,322	1,879,636	2,855,099	817,595	1,910,431	1,062,786	726,249	1,780,046	1,208,601	17,128,734	
Other Local Revenue	123,077	432,509	1,352,888	1,368,745	648,319	200,307	365,127	193,371	307,213	330,629	650,455	320,000	205,756	6,498,397	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	4,654,804	5,682,504	13,620,880	8,255,361	7,819,376	27,400,251	19,370,657	8,982,783	13,339,329	17,038,330	13,942,164	17,024,063	5,687,953	162,818,455	
EXPENDITURES															
Certificated Salaries	71,761	6,107,112	6,279,113	6,475,943	6,633,762	8,296,080	6,573,933	6,623,809	6,631,753	6,525,238	6,715,488	8,270,677	812,584	76,017,253	
Classified Salaries	16,631	1,228,881	2,018,513	2,389,711	2,430,628	3,015,771	2,430,064	2,384,582	2,406,253	2,434,775	2,455,131	4,072,537	252,274	27,535,750	
Employee Benefits	49,270	1,703,086	3,073,715	3,220,129	3,277,011	3,752,367	3,314,313	3,323,217	3,329,530	3,328,588	3,372,716	4,560,141	18,825	36,322,907	
Books and Supplies	49,176	542,356	285,821	255,834	265,082	249,140	199,083	225,412	237,251	299,012	229,036	555,921	4,954,034	8,347,159	
Services	1,676,447	952,517	1,171,672	1,341,191	1,206,479	1,338,667	1,232,786	1,030,989	1,565,105	2,203,936	1,958,792	1,529,970	71,820	17,280,371	
Capital Outlay	-	44,043	109,935	235,367	247,243	31,913	22,169	123,263	59,768	12,566	32,943	178,072	(13,497)	1,083,785	
Other Outgo	151,597	130,451	320,206	130,530	132,931	132,793	132,599	132,503	86,060	96,479	131,016	282,000	151,328	2,010,493	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	796,554	97,107	893,661	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	2,014,882	10,708,446	13,258,976	14,048,705	14,193,136	16,816,732	13,904,946	13,843,775	14,315,719	14,900,594	14,895,122	20,245,872	6,344,475	169,491,379	
REVENUES MINUS EXPENDITURES	2,639,922	(5,025,942)	361,904	(5,793,344)	(6,373,759)	10,583,519	5,465,711	(4,860,992)	(976,390)	2,137,736	(952,958)	(3,221,809)	(656,522)	(6,672,924)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	252,195	319,367	(153,540)	1,144,007	170,277	267,827	3,320,262	35,300	65,034	23,543	(31,086)	550,000	(5,687,953)	275,234	
Total Current Liabilities	(10,034,870)	(1,349,743)	(975,607)	(520,376)	(647,672)	1,488,644	(976,570)	52,241	798,902	527,496	(1,387,900)	2,189,199	6,344,475	(4,491,783)	
TOTAL BALANCE SHEET TRANS.	(9,782,675)	(1,030,376)	(1,129,147)	623,631	(477,395)	1,756,471	2,343,692	87,541	863,936	551,039	(1,418,986)	2,739,199	656,522	(4,216,549)	
BEG. CASH BALANCE, BEFORE TRAN	23,072,865	15,930,112	9,873,795	9,106,552	3,936,839	(2,914,316)	9,425,674	17,235,077	12,461,626	12,349,172	15,037,947	12,666,002	12,183,392		
NET CHANGE IN CASH	(7,142,753)	(6,056,317)	(767,243)	(5,169,713)	(6,851,155)	12,339,990	7,809,403	(4,773,451)	(112,454)	2,688,775	(2,371,944)	(482,610)	-	(10,889,472)	
END. CASH BALANCE, BEFORE TRAN	15,930,112	9,873,795	9,106,552	3,936,839	(2,914,316)	9,425,674	17,235,077	12,461,626	12,349,172	15,037,947	12,666,002	12,183,392	12,183,392		
TRAN BORROWING															
TRAN Receipts	-	16,635,000	-	-	-	-	-	-	-	-	-	-	-	16,635,000	
TRAN Disbursements	-	-	-	-	-	-	(8,317,500)	-	-	-	8,317,500	-	-	-	
BEG. CASH BALANCE, AFTER TRAN	23,072,865	15,930,112	26,508,795	25,741,552	20,571,839	13,720,684	26,060,674	25,552,577	20,779,126	20,666,672	23,355,447	29,301,002	28,818,392		
NET CHANGE IN CASH	(7,142,753)	10,578,683	(767,243)	(5,169,713)	(6,851,155)	12,339,990	(508,097)	(4,773,451)	(112,454)	2,688,775	5,945,556	(482,610)	-	5,745,528	
END. CASH BALANCE, AFTER TRAN	15,930,112	26,508,795	25,741,552	20,571,839	13,720,684	26,060,674	25,552,577	20,779,126	20,666,672	23,355,447	29,301,002	28,818,392	28,818,392		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Burbank Unified School District**

	FY 2019-20 Cash Flows													Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20			
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	3,371,745	3,371,745	11,853,886	6,069,142	6,069,142	11,853,887	6,069,142	5,775,622	11,793,202	5,775,614	5,775,622	10,043,435	2,612,166	90,434,350	
Property Taxes	937,579	765,434	35,206	-	422,560	14,123,250	9,013,320	2,499,543	(84,703)	9,982,690	7,101,402	6,180,203	(2,470,066)	48,506,418	
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Federal Revenue	-	991	148,184	497,998	(34,425)	5,320	822,461	18,213	67,706	196,090	10,520	476,480	3,575,853	5,785,391	
Other State Revenue	347,756	1,100,536	1,267,163	528,898	893,260	1,590,987	2,416,651	692,040	1,617,053	899,578	614,721	506,690	2,023,000	14,498,333	
Other Local Revenue	48,878	171,763	537,275	543,572	257,468	79,548	145,004	76,794	122,004	131,303	258,316	200,000	8,796	2,580,721	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	4,705,958	5,410,469	13,841,714	7,639,610	7,608,005	27,652,992	18,466,578	9,062,212	13,515,262	16,985,275	13,760,581	17,406,808	5,749,749	161,805,213	
EXPENDITURES															
Certificated Salaries	75,009	6,090,711	6,263,232	6,458,254	6,615,773	8,273,466	6,555,766	6,608,272	6,615,773	6,510,761	6,698,282	7,500,964	742,499	75,008,762	
Classified Salaries	16,871	1,165,313	2,080,737	2,463,143	2,505,320	3,107,047	2,505,320	2,457,519	2,480,014	2,508,132	2,530,626	2,099,014	2,099,014	28,018,070	
Employee Benefits	53,185	1,781,713	3,217,721	3,369,679	3,430,463	3,928,127	3,468,452	3,476,050	3,483,648	3,483,648	3,529,236	4,521,496	246,202	37,989,620	
Books and Supplies	47,724	526,608	277,457	248,493	257,380	241,911	193,199	218,872	230,391	290,293	219,201	5,000	534,773	3,291,302	
Services	1,520,857	865,046	1,063,351	1,216,373	1,094,580	1,214,812	1,118,002	935,312	1,419,363	2,000,224	1,776,936	1,388,133	1,561	15,614,550	
Capital Outlay	-	7,587	18,949	40,589	42,626	5,494	3,831	21,248	10,297	2,168	3,345	30,704	37	186,875	
Other Outgo	173,188	149,009	366,056	149,290	151,820	151,820	151,539	151,539	98,402	110,210	149,852	1,008,762	(896,690)	1,914,797	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	1,084,027	-	1,084,027	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	1,886,834	10,585,987	13,287,503	13,945,821	14,097,962	16,922,677	13,996,109	13,868,812	14,337,888	14,905,436	14,907,478	17,638,100	2,727,396	163,108,003	
REVENUES MINUS EXPENDITURES	2,819,124	(5,175,518)	554,211	(6,306,211)	(6,489,957)	10,730,315	4,470,469	(4,806,600)	(822,626)	2,079,839	(1,146,897)	(231,292)	3,022,353	(1,302,790)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	150,000	550,000	45,000	1,050,000	200,000	250,000	2,900,000	57,000	64,000	23,000	(31,000)	-	(5,749,749)	(491,749)	
Total Current Liabilities	(8,514,050)	(1,026,440)	(513,726)	2,024,744	(1,736,514)	2,558,693	(1,859,785)	(131,300)	1,162,758	551,100	(1,765,983)	2,370,009	2,727,396	(4,153,097)	
TOTAL BALANCE SHEET TRANS.	(8,364,050)	(476,440)	(468,726)	3,074,744	(1,536,514)	2,808,693	1,040,215	(74,300)	1,226,758	574,100	(1,796,983)	2,370,009	(3,022,353)	(4,644,846)	
BEG. CASH BALANCE, BEFORE TRAN	12,183,392	6,638,467	986,509	1,071,994	(2,159,473)	(10,185,943)	3,353,064	8,863,748	3,982,849	4,386,980	7,040,920	4,097,040	6,235,757		
NET CHANGE IN CASH	(5,544,926)	(5,651,958)	85,485	(3,231,467)	(8,026,471)	13,539,008	5,510,684	(4,880,900)	404,132	2,653,939	(2,943,880)	2,138,717	-	(5,947,636)	
END. CASH BALANCE, BEFORE TRAN	6,638,467	986,509	1,071,994	(2,159,473)	(10,185,943)	3,353,064	8,863,748	3,982,849	4,386,980	7,040,920	4,097,040	6,235,757	6,235,757		
TRAN BORROWING															
TRAN Receipts	-	19,890,000	-	-	-	-	-	-	-	-	-	-	-	19,890,000	
TRAN Disbursements	-	-	-	-	-	-	(9,945,000)	-	-	(9,945,000)	-	-	-	(19,890,000)	
BEG. CASH BALANCE, AFTER TRAN	12,183,392	6,638,467	20,876,509	20,961,994	17,730,527	9,704,057	23,243,064	18,808,748	13,927,849	14,331,980	16,985,920	4,097,040	6,235,757		
NET CHANGE IN CASH	(5,544,926)	14,238,042	85,485	(3,231,467)	(8,026,471)	13,539,008	(4,434,316)	(4,880,900)	404,132	2,653,939	(12,888,880)	2,138,717	-	(5,947,636)	
END. CASH BALANCE, AFTER TRAN	6,638,467	20,876,509	20,961,994	17,730,527	9,704,057	23,243,064	18,808,748	13,927,849	14,331,980	16,985,920	4,097,040	6,235,757	6,235,757		

DUARTE UNIFIED SCHOOL DISTRICT

Duarte Unified School District
1620 Huntington Drive
Duarte, CA 91010
Attn: Assistant Superintendent, Business Services

General

The Duarte Unified School District (the “District”) was first established in 1906 as the Monrovia-Arcadia-Duarte Unified School District and was later formed as a separate K-12 school district in 1954. The District’s boundaries include the City of Duarte, the City of Bradbury and the Los Angeles County area known as South Monrovia Island. The District operates four K-8 schools, one K-6 school, one comprehensive high school, and one alternative education center. There are currently two independent charter schools and one 9-12 public charter school for the arts operating within the boundaries of the District.

Organization

The District is governed by a five-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds	\$101,686,837
Premium on issuance	1,008,177
Accumulated vacation – net	341,941
Supplemental early retirement program	1,556,134
OPEB obligation – net	12,252,737
TOTAL LONG-TERM OBLIGATIONS	\$116,845,826

Collective Bargaining Agreements

The District has settled with all of its represented and unrepresented employees for 2018-19. The teacher’s unit (Duarte Unified Education Association) settled for a cost of living adjustment (“COLA”) of 2.71% plus a mid-year increase of 2.5% beginning January 1, 2019. Classified employees (represented by CSEA) have a “me-too” clause in their contract and they received the same salary increase as the teachers. Management received the 2.71% COLA only.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- The District is assuming stable enrollment for Fiscal Year 2019-20 from Fiscal Year 2018-19.
- The District is using the May Revision assumptions for its Fiscal Year 2019-20 budget. These include a 3.26% increase to the LCFF base.
- The District has included the step and column method of teacher pay as well as increases in STRS and PERS in its expenditure assumptions. The District has settled for 2018-19 and these increases are included in the Cash Flows.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

DUARTE UNIFIED SCHOOL DISTRICT SUMMARY OF ADA AND LCFF

<u>Fiscal Year</u>	<u>Funded ADA</u>	<u>LCFF</u>
2014-15 ⁽¹⁾	3,572	\$ 7,796.19
2015-16 ⁽¹⁾	3,412	9,011.24
2016-17 ⁽¹⁾	3,349	9,580.21
2017-18 ⁽¹⁾	3,434	9,775.27
2018-19 ⁽¹⁾	3,427	10,333.11
2019-20 ⁽²⁾	3,418	10,586.77

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District's Fiscal Year 2019-20 Adopted Budget.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

DUARTE UNIFIED SCHOOL DISTRICT SUMMARY OF ASSESSED VALUE

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$3,028,265,533	\$1,027,489	\$ 93,483,064	\$3,122,776,086
2015-16	3,188,936,656	1,030,836	102,566,074	3,292,533,566
2016-17	3,353,199,376	1,030,336	107,052,150	3,461,281,862
2017-18	3,832,636,843	1,030,336	119,700,741	3,953,367,920
2018-19	3,757,735,545	1,030,336	108,605,762	3,867,371,643

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$1,478,414
2015-16	1,826,437
2016-17	2,181,755
2017-18	2,688,901
2018-19 ⁽¹⁾	4,785,670

⁽¹⁾ Estimated

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 790,470
2015-16	837,836
2016-17	1,060,971
2017-18	1,181,300
2018-19 ⁽¹⁾	1,578,183

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$12,003,145	\$12,003,145	\$324,810
Medicare Premium Payment Program ⁽²⁾	<u>249,592</u>	<u>249,592</u>	<u>0</u>
TOTAL	\$12,252,737	\$12,252,737	\$342,810

⁽¹⁾ Based on a measurement date of June 30, 2018.

⁽²⁾ Based on a measurement date of June 30, 2016.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

<u>Name or Type of Fund</u>	<u>Balance as of June 30, 2018</u>	<u>Projected Balance as of June 30, 2019</u>	<u>Projected Balance as of June 30, 2020</u>
Special Reserve	<u>\$1,447,784</u>	<u>\$6,784</u>	<u>\$1,869,7847</u>
Total	\$1,447,784	\$6,784	\$1,869,7847

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District's General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**DUARTE UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
BEGINNING FUND BALANCE	\$ 2,638,948	\$ 4,003,457	\$ 3,704,632
Total Revenues	42,444,558	42,948,736	46,136,309
Total Beginning Fund Balance and Revenues	45,083,506	46,952,193	49,840,941
Total Expenditures	40,719,640	43,013,076	48,089,292
Other Financing Sources (Uses)	(360,409)	(234,485)	(62,451)
ENDING FUND BALANCE	<u>\$ 4,003,457</u>	<u>\$ 3,704,632</u>	<u>\$ 1,689,198</u>

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

**DUARTE UNIFIED SCHOOL DISTRICT
SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾
FOR DISTRICT GENERAL FUND**

	GENERAL FUND 2018-19 BUDGET	GENERAL FUND 2019-20 BUDGET
Beginning Fund Balance	\$ 302,207	\$ 32,871
Total Revenues	47,517,008	46,372,119
Total Beginning Fund Balance and Revenues	47,819,215	46,404,990
Total Expenditures	47,617,174	46,076,018
Other Financing Sources (Uses)	0	0
Ending Fund Balance	<u>\$ 202,041</u>	<u>\$ 328,972</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

**DUARTE UNIFIED SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
Total Assets	\$ 8,305,730	\$ 7,041,247	\$ 6,122,713
Total Liabilities	4,302,273	3,336,615	4,433,515
Fund Balance			
Nonspendable	25,116	23,042	22,021
Restricted	1,010,967	640,617	358,819
Assigned	1,188,338	1,247,109	401,065
Unassigned	1,779,036	1,793,864	907,293
Total Fund Balance	<u>\$ 4,003,457</u>	<u>\$ 3,704,632</u>	<u>\$ 1,689,198</u>
Total Liabilities and Fund Balance	<u>\$ 8,305,730</u>	<u>\$ 7,041,247</u>	<u>\$ 6,122,713</u>

Source: District's Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

**DUARTE UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES**

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$5,906,206.88	\$87,363.00	1.48%
2014-15	6,265,890.91	90,588.65	1.45
2015-16	6,623,329.31	94,319.23	1.42
2016-17	6,947,409.58	82,862.97	1.19
2017-18	7,959,463.36	99,358.48	1.25

	Secured Tax Charge ⁽²⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$3,489,649.70	\$39,592.85	1.13%
2014-15	4,290,431.18	75,475.25	1.76
2015-16	4,490,037.33	66,216.26	1.47
2016-17	4,792,967.01	79,647.98	1.66
2017-18	5,007,128.73	80,777.32	1.61

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**DUARTE UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total ⁽¹⁾
1.	BPP Pacific Industrial REIT LA	Industrial	\$ 86,820,770	2.31%
2.	United Rock Products Corp.	Industrial	43,127,275	1.15
3.	Woodward HRT Inc.	Industrial	28,589,053	0.76
4.	Mountain Vista Plaza	Commercial	27,979,591	0.74
5.	Caledge Investments LLC	Shopping Center	<u>24,837,879</u>	<u>0.66</u>
			<u>\$211,354,568</u>	<u>5.62%</u>

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$3,757,735,545.

Source: California Municipal Statistics, Inc.

**DUARTE UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Duarte Unified School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	1,159,795	1,159,795	3,329,605	2,087,631	2,087,631	3,148,095	2,087,631	3,121,396	3,225,202	2,007,586	2,007,586	2,706,119	(896,335)	27,231,737	
Property Taxes	121,348	146,611	-	-	60,121	1,975,896	847,261	887,973	16,928	1,186,194	1,649,916	1,526,476	495,380	8,914,105	
Miscellaneous Funds	-	(71,178)	-	(167,507)	136,454	(223,342)	202,828	(223,342)	(111,671)	(260,755)	(293,136)	(355,329)	(285,365)	(1,652,344)	
Federal Revenue	-	13,053	150,946	52,837	33,171	47,866	498,716	4,461	141,225	-	345,651	939,795	144,053	2,371,773	
Other State Revenue	-	320,716	478,347	(66,897)	555,912	541,819	-	165,494	168,701	220,917	161,903	333,122	1,674,058	4,554,090	
Other Local Revenue	1,883	340,876	301,779	232,071	597,249	228,239	541,268	645,917	290,546	520,935	368,673	721,513	265,831	5,056,779	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	4,573	4,573	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	1,283,026	1,909,873	4,260,677	2,138,135	3,470,538	5,718,573	4,177,704	4,601,899	3,730,930	3,674,876	4,240,593	5,871,695	1,402,194	46,480,713	
EXPENDITURES															
Certificated Salaries	225,412	1,772,704	1,629,191	1,676,684	1,662,137	1,660,324	1,685,054	1,698,373	1,738,914	1,700,164	1,722,183	1,871,573	-	19,042,713	
Classified Salaries	18,211	554,334	586,702	691,497	692,481	668,477	669,973	680,736	694,185	692,607	676,382	1,076,979	-	7,702,564	
Employee Benefits	259,101	959,826	702,531	725,696	723,350	712,803	735,254	736,639	746,944	716,808	742,016	700,520	1,421,624	9,883,112	
Books and Supplies	96,656	175,955	708,023	215,993	160,547	137,764	348,181	128,440	133,166	289,699	195,457	146,108	6,115	2,742,105	
Services	229,459	407,955	881,089	715,918	529,029	499,628	700,350	495,653	506,608	1,004,912	750,568	829,382	299,564	7,850,115	
Capital Outlay	-	7,977	-	-	-	-	-	-	-	-	-	-	(6,444)	4,910	
Other Outgo	-	24,256	-	71,040	26,139	-	20,525	41,977	6,120	232,611	28,351	274,998	(13,870)	712,146	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	67,024	67,024	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	828,840	3,903,008	4,507,537	4,096,828	3,793,682	3,678,995	4,159,338	3,781,818	3,825,937	4,636,802	4,114,957	4,893,117	1,785,366	48,006,223	
REVENUES MINUS EXPENDITURES	454,187	(1,993,135)	(246,860)	(1,958,693)	(323,144)	2,039,578	18,366	820,081	(95,007)	(961,926)	125,637	978,578	(383,171)	(1,525,510)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	327,800	171,406	327,392	352,909	15,785	499	25,891	123,109	33,547	(8,565)	4,055	(56,173)	(1,240,621)	77,034	
Total Current Liabilities	(1,924,301)	(119,018)	79,503	(202,125)	156,115	(86,308)	72,860	(1,010,160)	(158,058)	679,884	479,016	1,273,382	1,734,855	975,646	
TOTAL BALANCE SHEET TRANS.	(1,596,501)	52,388	406,895	150,784	171,900	(85,809)	98,751	(887,052)	(124,511)	671,319	483,070	1,217,209	494,235	1,052,680	
BEG. CASH BALANCE, BEFORE TRAN	3,852,921	2,710,607	769,860	929,895	(878,013)	(1,029,257)	924,511	1,041,628	974,657	755,140	464,533	1,073,240	3,269,027		
NET CHANGE IN CASH	(1,142,314)	(1,940,747)	160,035	(1,807,908)	(151,244)	1,953,769	117,116	(66,970)	(219,517)	(290,607)	608,707	2,195,787	111,063	(472,831)	
END. CASH BALANCE, BEFORE TRAN	2,710,607	769,860	929,895	(878,013)	(1,029,257)	924,511	1,041,628	974,657	755,140	464,533	1,073,240	3,269,027	3,380,090		
TRAN BORROWING															
TRAN Receipts	-	3,500,000	-	-	-	-	-	-	-	-	-	-	-	3,500,000	
TRAN Disbursements	-	-	-	-	-	-	(1,750,000)	-	-	-	(1,829,042)	-	-	(3,579,042)	
BEG. CASH BALANCE, AFTER TRAN	3,852,921	2,710,607	4,269,860	4,429,895	2,621,987	2,470,743	4,424,511	2,791,628	2,724,657	2,505,140	2,214,533	994,198	3,189,985		
NET CHANGE IN CASH	(1,142,314)	1,559,253	160,035	(1,807,908)	(151,244)	1,953,769	(1,632,884)	(66,970)	(219,517)	(290,607)	(1,220,335)	2,195,787	111,063	(551,872)	
END. CASH BALANCE, AFTER TRAN	2,710,607	4,269,860	4,429,895	2,621,987	2,470,743	4,424,511	2,791,628	2,724,657	2,505,140	2,214,533	994,198	3,189,985	3,301,049		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Duarte Unified School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	1,253,561	1,253,561	3,570,064	2,256,409	2,256,409	3,534,448	2,279,305	2,062,410	3,191,624	2,062,410	2,062,410	3,897,831	353,011	30,033,453
Property Taxes	174,013	168,861	8,579	-	77,819	2,092,715	842,266	128,293	43,763	1,560,481	1,276,262	2,823,839	(1,692,375)	7,504,516
Miscellaneous Funds	-	-	(152,425)	(374,060)	(203,233)	(48,642)	(278,336)	-	(203,233)	-	(255,806)	30,327	(670,558)	(2,155,965)
Federal Revenue	5,729	11,212	129,395	179,361	54,027	174,238	291,896	28,281	160,836	164,147	159,550	291,242	1,364,701	3,014,615
Other State Revenue	-	-	170,704	444,040	66,044	201,111	554,759	8,241	428,068	77,304	-	664,748	1,768,505	4,383,524
Other Local Revenue	137,771	628,788	253,646	71,422	501,486	124,086	598,294	145,384	303,360	238,727	517,612	1,814,959	4,206	5,339,740
Interfund Transfers In	-	-	-	-	65,000	-	-	-	-	-	-	-	(65,000)	-
All Other Financing Sources	-	-	52,617	-	-	-	-	-	-	-	-	(52,617)	-	-
TOTAL REVENUES	1,571,075	2,062,422	4,032,579	2,577,172	2,817,553	6,077,957	4,288,184	2,372,608	3,924,418	4,103,069	3,760,028	9,470,329	1,062,490	48,119,883
EXPENDITURES														
Certificated Salaries	226,297	1,719,933	1,705,396	1,717,017	1,729,536	1,706,939	1,730,268	1,759,919	1,777,763	1,742,302	1,817,016	1,797,568	(67,247)	19,362,707
Classified Salaries	22,401	395,504	588,138	675,174	685,593	686,067	679,607	685,937	692,915	676,767	682,388	1,190,120	166,212	7,826,824
Employee Benefits	692,041	640,796	760,827	769,159	782,150	771,229	735,505	764,470	788,632	729,609	786,013	764,890	2,105,070	11,090,390
Books and Supplies	66,393	152,700	518,616	19,298	94,357	105,036	234,944	103,671	46,224	96,229	81,233	233,595	119,126	1,871,421
Services	549,253	546,392	553,840	565,813	321,424	654,467	625,517	440,839	583,949	596,733	540,777	952,470	221,698	7,153,173
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outgo	-	-	22,884	27,852	136,493	(26,370)	175,595	77,475	(7,858)	16,857	30,955	690,394	96,043	1,240,319
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	(263,583)	(263,583)
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,556,384	3,455,327	4,149,701	3,774,313	3,749,552	3,897,368	4,181,435	3,832,310	3,881,625	3,858,498	3,938,382	5,629,037	2,377,319	48,281,251
REVENUES MINUS EXPENDITURES	14,690	(1,392,904)	(117,122)	(1,197,141)	(931,999)	2,180,589	106,749	(1,459,702)	42,793	244,571	(178,354)	3,841,292	(1,314,829)	(161,368)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	15,293	62,325	7,151	143,575	77,169	(3,269)	432,514	139,691	348,538	727	(1,944)	(194,028)	(1,062,490)	(34,748)
Total Current Liabilities	(1,181,323)	323,455	(1,646,876)	(178,820)	168,853	1,224,775	(1,331,112)	449,959	1,392,708	(1,123,929)	(543,217)	667,938	2,377,319	599,731
TOTAL BALANCE SHEET TRANS.	(1,166,031)	385,780	(1,639,726)	(35,245)	246,022	1,221,506	(898,598)	589,650	1,741,247	(1,123,201)	(545,161)	473,910	1,314,829	564,983
BEG. CASH BALANCE, BEFORE TRAN	3,380,090	2,228,750	1,221,625	(535,222)	(1,767,608)	(2,453,586)	948,510	156,661	(713,390)	1,070,649	192,019	(531,496)	3,783,706	
NET CHANGE IN CASH	(1,151,340)	(1,007,124)	(1,756,848)	(1,232,386)	(685,977)	3,402,095	(791,848)	(870,052)	1,784,039	(878,630)	(723,515)	4,315,202	-	403,615
END. CASH BALANCE, BEFORE TRAN	2,228,750	1,221,625	(535,222)	(1,767,608)	(2,453,586)	948,510	156,661	(713,390)	1,070,649	192,019	(531,496)	3,783,706	3,783,706	
TRAN BORROWING														
TRAN Receipts	-	4,000,000	-	-	-	-	-	-	-	-	-	-	-	4,000,000
TRAN Disbursements	-	-	-	-	-	-	(2,000,000)	-	-	-	-	(1,865,776)	-	(3,865,776)
BEG. CASH BALANCE, AFTER TRAN	3,380,090	2,228,750	5,221,625	3,464,778	2,232,392	1,546,414	4,948,510	2,156,661	1,286,610	3,070,649	2,192,019	1,468,504	3,917,930	
NET CHANGE IN CASH	(1,151,340)	2,992,876	(1,756,848)	(1,232,386)	(685,977)	3,402,095	(2,791,848)	(870,052)	1,784,039	(878,630)	(723,515)	2,449,426	-	537,839
END. CASH BALANCE, AFTER TRAN	2,228,750	5,221,625	3,464,778	2,232,392	1,546,414	4,948,510	2,156,661	1,286,610	3,070,649	2,192,019	1,468,504	3,917,930	3,917,930	

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Duarte Unified School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	1,285,856	1,285,856	3,605,947	2,314,540	2,314,540	3,605,947	2,314,540	2,314,540	3,605,947	2,314,540	2,314,540	3,605,949	-	30,882,742
Property Taxes	166,841	161,807	7,911	-	74,791	2,153,831	929,851	122,973	41,710	1,495,097	1,331,133	705,479	-	7,191,424
Miscellaneous Funds	(113,537)	(227,074)	(151,383)	(151,383)	(151,383)	(151,383)	(151,383)	(151,383)	(151,383)	(151,383)	(151,383)	(189,229)	-	(1,892,287)
Federal Revenue	4,887	9,517	110,347	153,045	46,042	148,672	248,988	24,179	137,355	140,184	374,767	456,305	717,897	2,572,185
Other State Revenue	-	-	138,449	467,310	53,742	163,363	450,582	6,762	347,724	62,640	126,704	693,312	1,048,511	3,559,099
Other Local Revenue	117,453	536,277	216,241	61,003	427,473	105,616	509,872	123,826	258,578	203,494	331,872	1,408,671	452,057	4,752,433
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,461,500	1,766,383	3,927,512	2,844,515	2,765,205	6,026,046	4,302,450	2,440,897	4,239,931	4,064,572	4,327,633	6,680,487	2,218,465	47,065,596
EXPENDITURES														
Certificated Salaries	180,996	1,703,201	1,639,380	1,651,226	1,663,072	1,641,355	1,665,047	1,694,661	1,712,430	1,676,893	1,684,790	1,720,327	9,872	18,643,250
Classified Salaries	23,259	405,021	562,318	652,144	662,570	663,372	656,154	662,570	669,788	653,748	664,174	1,007,440	337,651	7,620,209
Employee Benefits	647,738	596,292	726,969	735,916	748,218	737,034	701,246	730,324	754,929	695,654	799,664	2,719,941	87,234	10,681,159
Books and Supplies	55,326	127,171	431,851	16,052	78,547	87,430	148,834	86,339	(8,260)	80,105	48,780	403,019	3,273	1,558,467
Services	535,291	532,503	539,473	551,322	312,950	637,749	609,173	429,348	568,747	581,293	486,080	483,019	522,745	6,789,693
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outgo	-	-	22,314	27,138	132,676	(25,432)	170,791	75,315	(7,498)	16,404	39,320	402,008	97,745	950,781
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,442,610	3,364,188	3,922,305	3,633,798	3,598,033	3,741,508	3,951,245	3,678,557	3,690,136	3,704,097	3,722,808	6,735,754	1,058,520	46,243,559
REVENUES MINUS EXPENDITURES	18,890	(1,597,805)	5,207	(789,283)	(832,828)	2,284,538	351,205	(1,237,660)	549,795	360,475	604,825	(55,267)	1,159,945	822,037
BALANCE SHEET TRANSACTIONS														
Total Current Assets	-	-	12,782	254,050	136,612	-	765,346	247,126	616,218	7,190	574,409	49,268	(2,218,465)	444,536
Total Current Liabilities	(1,587,703)	(114,915)	(199,343)	(40,082)	(42,001)	(80,803)	(27,290)	-	-	-	-	(341,866)	1,058,520	(1,375,483)
TOTAL BALANCE SHEET TRANS.	(1,587,703)	(114,915)	(186,561)	213,968	94,611	(80,803)	738,056	247,126	616,218	7,190	574,409	(292,598)	(1,159,945)	(930,947)
BEG. CASH BALANCE, BEFORE TRAN	3,783,706	2,214,893	502,173	320,819	(254,496)	(992,713)	1,211,022	2,300,283	1,309,749	2,475,762	2,843,427	4,022,661	3,674,796	
NET CHANGE IN CASH	(1,568,813)	(1,712,720)	(181,354)	(575,315)	(738,217)	2,203,735	1,089,261	(990,534)	1,166,013	367,665	1,179,234	(347,865)	-	(108,910)
END. CASH BALANCE, BEFORE TRAN	2,214,893	502,173	320,819	(254,496)	(992,713)	1,211,022	2,300,283	1,309,749	2,475,762	2,843,427	4,022,661	3,674,796	3,674,796	
TRAN BORROWING														
TRAN Receipts	-	2,000,000	-	-	-	-	-	-	-	-	-	-	-	2,000,000
TRAN Disbursements	-	-	-	-	-	-	(1,000,000)	-	-	-	(1,000,000)	(2,000,000)	-	(4,000,000)
BEG. CASH BALANCE, AFTER TRAN	3,783,706	2,214,893	2,502,173	2,320,819	1,745,504	1,007,287	3,211,022	3,300,283	2,309,749	3,475,762	3,843,427	4,022,661	1,674,796	
NET CHANGE IN CASH	(1,568,813)	287,280	(181,354)	(575,315)	(738,217)	2,203,735	89,261	(990,534)	1,166,013	367,665	179,234	(2,347,865)	-	(2,108,910)
END. CASH BALANCE, AFTER TRAN	2,214,893	2,502,173	2,320,819	1,745,504	1,007,287	3,211,022	3,300,283	2,309,749	3,475,762	3,843,427	4,022,661	1,674,796	1,674,796	

HAWTHORNE SCHOOL DISTRICT

Hawthorne School District
14120 S. Hawthorne Blvd.
Hawthorne, CA 90250
Attn: Director of Fiscal Services

General

Hawthorne School District (the “District”) was established in 1907. The District currently operates seven elementary schools, three middle schools and a charter high school. Encompassing approximately nine square miles in the southwestern region of the County of Los Angeles, the District serves major portions of the City of Hawthorne and neighboring unincorporated portions of the County of Los Angeles.

Organization

The District is governed by a five-member Board of Education, whose members are elected to four-year terms in alternating slates of two and three members.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds	\$ 61,497,666
Premium on general obligation bond	1,659,074
Certificates of participation	3,310,000
Compensated absences	803,669
Supplemental Employee Retirement Program	3,966,180
Net OPEB Obligation	45,216,603
TOTAL LONG-TERM OBLIGATIONS	\$116,453,192
Net OPEB Obligation	45,216,603
TOTAL LONG-TERM OBLIGATIONS	\$11,453,192

On August 30, 2018, the District issued \$12,505,000 aggregate principal amount of 2018 General Obligation Bond Anticipation Notes. On March 7, 2019, the District issued \$35,000,000 aggregate principal amount of Hawthorne School District (Los Angeles County, California) Election of 2018 General Obligation Bonds, Series A. On or about August 20, 2019, the District expects to issue \$2,850,000 aggregate principal amount of Hawthorne School District (Los Angeles County, California) Election of 2018 General Obligation Bonds, Series B and \$5,495,000 aggregate principal amount of 2019 General Obligation Refunding Bonds to refund certain of the District’s outstanding (i) Hawthorne School District (Los Angeles County, California) Election of 2004, 2008 Series C Bonds and (ii) Hawthorne School District (Los Angeles County, California) Election of 2008, 2009 Series A Bonds. On or about August 27, 2019, the District expects to issue \$11,255,000 preliminary aggregate principal amount of Hawthorne School District (Los Angeles County, California) 2019 Refunding Certificates of Participation in order to repay its outstanding 2018 General Obligation Bond Anticipation Notes issued in August of 2018.

Collective Bargaining Agreements

The agreement with the Hawthorne certificated unit expired on June 30, 2019, the certificated unit has agreed to continue to work under the terms of the expired agreement until a new agreement is completed. The agreement with the Hawthorne classified bargaining unit expires on June 30, 2021.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- The District is assuming declining enrollment for Fiscal Year 2019-20 from Fiscal Year 2018-19.
- The District receives \$1.5 million annually from a parcel tax which has no sunset date. The parcel tax is calculated at 7.5 cents/square foot of commercial properties and 2 cents/square foot of residential properties.
- The District is using LACOE’s recommended budgeting assumptions from the May Revise for its Fiscal Year 2019-20 budget. These include a 3.26% increase to the LCFF base.
- Due to declining enrollment, the District has a planned reduction in staffing levels for 2019-20 (through not filling vacancies and an already Board approved and executed layoff process). The planned reduction will result in savings of approximately \$1.8 million. This reduction is reflected in the 2019-20 cash flow. For 2020-21, there is also a planned reduction in staff because of declining enrollment. This planned reduction will result in approximately \$600,000 in expenditure savings.
- The District has included the step and column method of teacher pay as well as increases in STRS and PERS in its expenditure assumptions. On July 24, 2019, the District’s Board approved an increase of 1% in salaries retroactive to 2018-19. This increase has been included in the cash flow assumptions.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

**HAWTHORNE SCHOOL DISTRICT
SUMMARY OF ADA AND LCFF**

<u>Fiscal Year</u>	<u>Funded ADA</u>	<u>LCFF</u>
2014-15 ⁽¹⁾	8,103	\$ 7,634.78
2015-16 ⁽¹⁾	7,959	9,068.76
2016-17 ⁽¹⁾	7,887	9,770.50
2017-18 ⁽¹⁾	7,779	10,080.65
2018-19 ⁽¹⁾	7,489	10,847.18
2019-20 ⁽²⁾	7,189	11,234.50

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District’s Fiscal Year 2019-20 Adopted Budget.

Assessed Value

Assessed value figures for the District for the past four and current Fiscal Years are as follows:

**HAWTHORNE SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$3,788,647,798	\$2,149,567	\$164,674,625	\$3,955,471,990
2015-16	3,983,783,382	2,768,337	154,331,190	4,140,882,909
2016-17	4,161,595,638	2,768,337	483,627,730	4,647,991,705
2017-18	4,403,290,124	2,768,337	525,783,072	4,931,841,533
2018-19	4,655,833,501	2,768,337	623,364,412	5,281,966,250

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 3,450,747
2015-16	4,481,058
2016-17	5,418,870
2017-18	6,314,113
2018-19 ⁽¹⁾	10,605,761

⁽¹⁾ 2018-19 Estimated. Includes additional contribution to STRS made by the State for District employees; this additional contribution is also known as the State’s “on-behalf” payment. In 2018-19, the on behalf contribution is estimated to be \$3,299,802.

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$1,322,940
2015-16	1,473,655
2016-17	1,818,712
2017-18	2,241,117
2018-19 ⁽¹⁾	2,648,088

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities,

see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$44,586,438	\$44,586,438	\$358,110
Medicare Premium Payment Program ⁽²⁾	<u>630,165</u>	<u>630,165</u>	<u>0</u>
TOTAL	\$45,216,603	\$45,216,603	\$358,110

⁽¹⁾Based on a measurement date of June 30, 2018.

⁽²⁾Based on a measurement date of June 30,2016.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but from which, however, moneys can be borrowed on a temporary basis for its other obligations. Such funds include:

<u>Name or Type of Fund</u>	<u>Balance as of June 30, 2018</u>	<u>Projected Balance as of June 30, 2019</u>	<u>Projected Balance as of June 30, 2020</u>
Charter Schools Special Revenue	\$1,199,078	\$1,043,036	\$377,943
Deferred Maintenance	596,791	866,515	896,843
Capital Facilities	593,641	793,371	821,139
Foundation Permanent Fund	171,986	173,634	174,582
Cafeteria Enterprise	<u>12,051</u>	<u>12,144</u>	<u>12,352</u>
Total	\$2,573,548	\$2,888,700	\$2,282,859

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District's General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**HAWTHORNE SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
BEGINNING FUND BALANCE	\$ 9,944,628	\$ 12,458,124	\$ 9,344,615
Total Revenues	96,892,928	97,213,843	97,013,306
Total Beginning Fund Balance and Revenues	106,837,556	109,671,967	106,357,921
Total Expenditures	90,650,900	99,256,902	95,843,661
Other Financing Sources (Uses)	(3,728,532)	(1,070,450)	(598,306)
ENDING FUND BALANCE	<u>\$ 12,458,124</u>	<u>\$ 9,344,615</u>	<u>\$ 9,915,954</u>

Source: District's Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District’s General fund budgets for Fiscal Years 2018-19 and 2019-20:

**HAWTHORNE SCHOOL DISTRICT
SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾
FOR DISTRICT GENERAL FUND**

	GENERAL FUND 2018-19 BUDGET	GENERAL FUND 2019-20 BUDGET
BEGINNING FUND BALANCE	\$ 5,889,916	\$ 10,758,259
Total Revenues	107,087,815	100,957,888
Total Beginning Fund Balance and Revenues	112,977,731	111,716,147
Total Expenditures	103,381,005	99,829,877
Other Financing Sources (Uses)	(319,938)	(319,938)
ENDING FUND BALANCE	<u>\$ 9,276,788</u>	<u>\$ 11,566,332</u>

⁽¹⁾ District’s Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District’s General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18:

**HAWTHORNE SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
Total Assets	\$ 20,130,109	\$ 17,625,244	\$ 17,017,702
Total Liabilities	7,671,985	8,280,629	7,101,748
Fund Balance			
Nonspendable	237,972	100,100	838,770
Restricted	2,881,866	1,847,429	1,761,078
Assigned	6,430,362	4,393,889	4,414,942
Unassigned	2,907,924	3,003,197	2,901,164
Total Fund Balance	<u>12,458,124</u>	<u>9,344,615</u>	<u>9,915,954</u>
Total Liabilities and Fund Balance	<u>\$ 20,130,109</u>	<u>\$ 17,625,244</u>	<u>\$ 17,017,702</u>

Source: District’s Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

**HAWTHORNE SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES**

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$2,588,889.34	\$37,990.99	1.47%
2014-15	2,662,460.97	32,456.02	1.22
2015-16	2,795,642.77	39,491.63	1.41
2016-17	3,129,334.67	37,059.61	1.18
2017-18	3,341,751.50	41,403.03	1.24

	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$3,972,329.13	\$56,924.86	1.47%
2014-15	4,057,597.11	49,033.29	1.21
2015-16	4,037,718.09	33,962.36	0.84
2016-17	3,978,041.43	41,894.70	1.05
2017-18	3,895,742.87	27,864.71	0.72

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**HAWTHORNE SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	BSP Zelman Hawthorne LLC	Industrial	\$ 58,886,639	1.26%
2.	Equity Holdings LLC	Apartments	55,276,374	1.19
3.	RT Rocket Road LLC	Industrial	49,274,811	1.06
4.	AK Hawthorne LLC	Shopping Center	44,737,198	0.96
5.	M and A Gabae	Commercial	43,414,612	0.93
6.	2 La Cienega Inc.	Hotel	42,202,485	0.91
7.	Chadron Terrace LLC	Commercial	35,977,752	0.77
8.	Terreno Hawthorne LLC	Industrial	27,600,000	0.59
9.	Edward J. Jenkins	Apartments	24,113,657	0.52
10.	Costco Wholesale Corporation	Commercial	22,864,884	0.49
11.	Hawthorne BC TIC LLC	Industrial	18,948,334	0.41
12.	R3 Properties	Apartments	18,109,966	0.39
13.	Thomas and Pamela L. Murray, Trustees	Apartments	17,100,339	0.37
14.	BTS LP	Apartments	16,657,415	0.36
15.	Hawthorne USA Inc.	Industrial	15,998,253	0.34
16.	LAN LP	Apartments	15,964,919	0.34
17.	Prologis USLV Newca 4 LLC	Industrial	15,501,497	0.33
18.	Lian P. Boyd	Apartments	14,817,349	0.32
19.	BK Holdings II & III LP	Apartments	13,786,379	0.30
20.	Villa Gardens Apartments LP	Apartments	<u>13,250,522</u>	<u>0.28</u>
			\$564,483,385	12.12%

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$4,655,833,501.

Source: California Municipal Statistics, Inc.

**HAWTHORNE SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Hawthorne School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	3,281,755	3,281,755	8,277,436	4,646,036	5,907,159	8,093,554	4,875,888	5,130,798	8,220,113	5,219,941	5,547,851	5,045,368	76,689	67,604,343	
Property Taxes	94,741	179,936	154,556	-	102,764	1,337,013	1,367,033	436,827	572,832	684,769	3,351,838	3,267,378	101,998	11,651,686	
Miscellaneous Funds	-	-	-	-	142,415	-	371	-	17,887	(80,749)	-	22,075	(101,998)	0	
Federal Revenue	32,814	3,165	1,163,032	(61,004)	(942,951)	870,006	859,971	447	777,743	41,595	(54,327)	928,697	1,120,363	4,739,551	
Other State Revenue	-	-	451,045	(58,722)	394,312	2,456,834	(27,046)	658,103	560,180	690,968	469,261	1,461,148	3,683,470	10,739,552	
Other Local Revenue	53,982	228,115	13,003	19,965	50,762	916,835	344,543	231,405	32,170	594,520	220,494	247,336	45,981	2,999,110	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	3,463,292	3,692,971	10,059,070	4,546,275	5,654,461	13,674,243	7,420,761	6,457,580	10,180,924	7,151,044	9,535,117	10,972,001	4,926,501	97,734,242	
EXPENDITURES															
Certificated Salaries	(242,282)	3,888,536	3,613,547	3,408,818	3,374,310	3,396,331	3,351,367	3,360,505	3,384,773	3,383,577	3,397,857	6,542,677	(33,900)	40,826,118	
Classified Salaries	(45,873)	1,030,134	1,036,115	1,030,475	1,022,819	990,770	956,896	1,033,735	992,650	919,168	1,011,243	1,838,569	(136,819)	11,679,882	
Employee Benefits	125,981	1,894,097	1,878,744	1,845,111	1,863,880	1,854,692	1,845,784	1,861,266	1,853,422	1,837,538	1,859,624	3,353,473	2,906,469	24,980,081	
Books and Supplies	26,670	283,599	234,674	123,278	121,804	70,890	151,377	122,328	191,561	222,208	185,072	684,139	(11,268)	2,406,334	
Services	347,141	1,006,167	414,030	1,191,476	867,113	770,068	797,414	929,507	758,022	930,291	835,317	2,051,869	(50,729)	10,847,683	
Capital Outlay	-	11,147	42,793	-	28,542	-	-	(25,173)	46,444	-	4,027	70,107	-	177,887	
Other Outgo	-	-	181,154	-	985,573	-	9,235	1,098,849	73,494	1,123,740	-	998,554	455,077	4,925,675	
Interfund Transfers Out	-	-	-	-	-	-	2,415	-	-	-	-	-	595,891	598,306	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	211,636	8,113,681	7,401,057	7,599,158	8,264,041	7,082,752	7,114,489	8,381,016	7,300,366	8,416,522	7,293,141	15,539,387	3,724,721	96,441,967	
REVENUES MINUS EXPENDITURES	3,251,656	(4,420,709)	2,658,014	(3,052,883)	(2,609,580)	6,591,491	306,273	(1,923,436)	2,880,559	(1,265,478)	2,241,976	(4,567,386)	1,201,780	1,292,275	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	22,104	135,395	60,303	822,329	1,389,278	(1,868)	39,981	(22,019)	63,221	(40,199)	94,319	(2,473,972)	(1,848,756)	(1,759,883)	
Total Current Liabilities	(8,274,198)	189,800	(409,663)	(91,438)	(1,288,932)	(391,029)	189,567	526,574	(569,560)	611,003	(979,295)	7,587,318	970,349	(1,929,505)	
TOTAL BALANCE SHEET TRANS.	(8,252,094)	325,195	(349,360)	730,891	100,347	(392,897)	229,548	504,555	(506,339)	570,804	(884,976)	5,113,346	(878,408)	(3,689,388)	
BEG. CASH BALANCE, BEFORE TRAN	14,691,782	9,691,344	5,595,830	7,904,483	5,582,491	3,073,258	9,271,852	9,807,672	8,388,791	10,763,010	10,068,336	11,425,337	11,971,296		
NET CHANGE IN CASH	(5,000,438)	(4,095,514)	2,308,653	(2,321,992)	(2,509,233)	6,198,594	535,820	(1,418,882)	2,374,220	(694,674)	1,357,001	545,959	323,372	(2,397,113)	
END. CASH BALANCE, BEFORE TRAN	9,691,344	5,595,830	7,904,483	5,582,491	3,073,258	9,271,852	9,807,672	8,388,791	10,763,010	10,068,336	11,425,337	11,971,296	12,294,668		
TRAN BORROWING															
TRAN Receipts	-	7,110,000	-	-	-	-	-	-	-	-	-	-	-	7,110,000	
TRAN Disbursements	-	-	-	-	-	-	(3,555,000)	-	(3,715,568)	-	-	-	-	(7,270,568)	
BEG. CASH BALANCE, AFTER TRAN	14,691,782	9,691,344	12,705,830	15,014,483	12,692,491	10,183,258	16,381,852	13,362,672	11,943,791	10,602,443	9,907,769	11,264,769	11,810,729		
NET CHANGE IN CASH	(5,000,438)	3,014,486	2,308,653	(2,321,992)	(2,509,233)	6,198,594	(3,019,180)	(1,418,882)	(1,341,348)	(694,674)	1,357,001	545,959	323,372	(2,557,681)	
END. CASH BALANCE, AFTER TRAN	9,691,344	12,705,830	15,014,483	12,692,491	10,183,258	16,381,852	13,362,672	11,943,791	10,602,443	9,907,769	11,264,769	11,810,729	12,134,101		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Hawthorne School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	3,384,965	3,384,965	8,869,165	4,758,553	5,663,230	8,678,184	5,426,986	5,591,852	8,417,478	5,591,852	5,751,486	5,794,225	-	71,312,941
Property Taxes	125,931	149,164	199,091	-	134,200	1,469,964	1,406,131	167,287	509,766	945,847	2,751,753	2,184,532	606,886	10,650,552
Miscellaneous Funds	-	-	-	-	-	(557,124)	513	-	20,874	-	-	(160,658)	-	(696,394)
Federal Revenue	-	-	-	1,510,825	48,282	(63,153)	1,929,579	76,931	(29,782)	96,213	446,449	1,047,393	1,754,018	6,816,755
Other State Revenue	-	11,160	427,283	1,179,005	1,154,950	444,499	1,338,194	135,455	3,010,564	446,449	1,387,095	3,172,763	3,490,176	16,197,591
Other Local Revenue	85,663	327,609	10,316	280,429	129,106	627,230	461,863	187,116	31,593	410,130	286,535	(74,986)	-	2,762,605
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	3,596,559	3,872,899	9,505,855	7,728,812	7,129,767	10,599,600	10,563,266	6,158,641	11,960,493	7,490,491	10,623,318	11,963,270	5,851,080	107,044,050
EXPENDITURES														
Certificated Salaries	355,483	3,178,059	3,392,571	3,290,915	3,291,874	3,282,314	3,236,860	3,267,659	3,297,723	3,311,420	3,807,394	3,832,204	3,976,655	41,521,131
Classified Salaries	120,506	759,479	1,059,748	974,349	1,030,012	993,796	932,890	1,071,646	1,032,018	979,487	1,058,712	1,323,478	1,233,786	12,569,908
Employee Benefits	267,039	2,515,667	1,913,502	1,907,261	2,013,802	1,987,958	1,976,245	2,012,913	2,012,592	2,001,845	2,324,470	2,418,318	5,029,197	28,380,809
Books and Supplies	30,878	112,209	107,114	210,153	135,844	65,651	78,586	63,810	151,484	145,680	220,574	1,430,137	1,232,005	3,984,126
Services	281,809	1,005,456	608,877	935,756	1,222,472	531,126	732,742	699,890	871,653	776,419	1,272,285	2,241,193	2,562,963	13,742,641
Capital Outlay	-	19,858	-	177,611	634,033	-	112,523	34,298	49,252	-	(42,556)	-	-	985,018
Other Outgo	-	-	177,775	1,065,000	-	-	-	-	1,213,625	-	1,109,426	-	1,169,759	4,735,584
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	319,938	-	319,938
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,055,716	7,590,728	7,259,586	8,561,045	8,328,037	6,860,846	7,069,845	7,150,215	8,628,347	7,214,851	9,750,305	11,565,268	15,204,365	106,239,156
REVENUES MINUS EXPENDITURES	2,540,842	(3,717,830)	2,246,269	(832,233)	(1,198,271)	3,738,754	3,493,422	(991,574)	3,332,146	275,640	873,013	398,002	(9,353,285)	804,894
BALANCE SHEET TRANSACTIONS														
Total Current Assets	829,306	2,042,881	45,630	718,152	74,405	(3,079,199)	(81,616)	60,824	3,879,068	27,213	-	-	(5,851,080)	(1,334,416)
Total Current Liabilities	(6,651,943)	666,709	(1,226,074)	(867,836)	(594,530)	(1,377,792)	158,863	(6,434)	(141,632)	(97,371)	-	-	15,204,365	5,066,323
TOTAL BALANCE SHEET TRANS.	(5,822,637)	2,709,590	(1,180,445)	(149,685)	(520,125)	(4,456,991)	77,246	54,390	3,737,436	(70,158)	-	-	9,353,285	3,731,906
BEG. CASH BALANCE, BEFORE TRAN	12,294,668	9,012,873	8,004,633	9,070,457	8,088,539	6,370,144	5,651,906	9,222,574	8,285,391	15,354,972	15,560,454	16,433,468	16,831,469	
NET CHANGE IN CASH	(3,281,795)	(1,008,240)	1,065,824	(981,918)	(1,718,395)	(718,237)	3,570,668	(937,183)	7,069,581	205,482	873,013	398,002	-	4,536,801
END. CASH BALANCE, BEFORE TRAN	9,012,873	8,004,633	9,070,457	8,088,539	6,370,144	5,651,906	9,222,574	8,285,391	15,354,972	15,560,454	16,433,468	16,831,469	16,831,469	
TRAN BORROWING														
TRAN Receipts	-	9,615,000	-	-	-	-	-	-	-	-	-	-	-	9,615,000
TRAN Disbursements	-	-	-	-	-	-	(4,807,500)	-	-	-	(4,807,500)	-	-	(9,615,000)
BEG. CASH BALANCE, AFTER TRAN	12,294,668	9,012,873	17,619,633	18,685,457	17,703,539	15,985,144	15,266,906	14,030,074	13,092,891	20,162,472	20,367,954	16,433,468	16,831,469	
NET CHANGE IN CASH	(3,281,795)	8,606,760	1,065,824	(981,918)	(1,718,395)	(718,237)	(1,236,832)	(937,183)	7,069,581	205,482	(3,934,487)	398,002	-	4,536,801
END. CASH BALANCE, AFTER TRAN	9,012,873	17,619,633	18,685,457	17,703,539	15,985,144	15,266,906	14,030,074	13,092,891	20,162,472	20,367,954	16,433,468	16,831,469	16,831,469	

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Hawthorne School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	2,998,993	2,998,993	7,992,488	5,398,187	5,398,187	7,992,488	5,391,162	5,498,187	8,092,487	5,498,187	5,498,187	8,084,652	-	70,842,198
Property Taxes	125,931	149,164	199,091	-	134,200	1,469,964	1,406,131	167,287	509,766	945,847	2,751,753	2,184,532	606,886	10,650,552
Miscellaneous Funds	-	-	-	-	-	(578,952)	533	-	21,692	-	-	(166,952)	-	(723,679)
Federal Revenue	-	-	-	848,553	38,303	(50,100)	1,530,755	411,030	(23,626)	76,327	354,173	830,908	1,391,481	5,407,804
Other State Revenue	-	9,123	349,274	963,755	944,092	363,347	1,093,881	110,725	2,460,929	364,941	1,133,855	1,909,182	3,537,312	13,240,416
Other Local Revenue	47,771	182,695	5,753	156,384	71,997	349,782	257,563	104,347	17,618	228,713	114,789	3,185	-	1,540,597
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	3,172,695	3,339,975	8,546,606	7,366,879	6,586,779	9,546,529	9,680,025	6,291,576	11,078,866	7,114,015	9,852,757	12,845,507	5,535,679	100,957,888
EXPENDITURES														
Certificated Salaries	354,552	3,446,731	3,674,091	3,259,291	3,260,247	3,250,712	3,205,377	3,236,095	3,266,081	3,279,742	3,774,416	3,799,161	3,605,820	41,412,316
Classified Salaries	128,841	904,511	1,230,497	1,034,243	1,093,756	1,055,036	989,916	1,138,270	1,095,901	1,039,736	1,124,441	1,407,521	1,196,677	13,439,346
Employee Benefits	282,955	2,749,602	2,472,505	2,248,542	2,117,826	2,090,442	2,078,030	2,116,884	2,116,544	2,105,156	2,447,010	2,546,451	4,700,374	30,072,321
Books and Supplies	19,059	369,260	66,116	129,715	83,849	40,523	48,507	39,386	93,503	89,920	136,148	882,742	460,445	2,459,173
Services	365,347	1,046,722	673,309	981,094	1,251,061	600,100	789,938	759,006	920,735	831,064	1,297,964	1,910,273	1,513,247	12,939,860
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Outgo	-	-	28,737	172,154	-	-	-	-	196,179	-	179,335	-	189,088	765,493
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	319,938	-	319,938
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,150,754	8,516,826	8,145,255	7,825,039	7,806,739	7,036,813	7,111,768	7,289,641	7,688,943	7,345,618	8,959,314	10,866,086	11,665,651	101,408,447
REVENUES MINUS EXPENDITURES	2,021,941	(5,176,851)	401,351	(458,160)	(1,219,960)	2,509,716	2,568,257	(998,065)	3,389,923	(231,603)	893,443	1,979,421	(6,129,972)	(450,559)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	606,886	2,137,626	-	-	-	-	-	-	-	-	-	-	(5,535,679)	(2,791,167)
Total Current Liabilities	(7,133,070)	(3,157,462)	-	-	-	-	-	-	-	-	-	-	11,665,651	1,375,119
TOTAL BALANCE SHEET TRANS.	(6,526,184)	(1,019,836)	-	-	-	-	-	-	-	-	-	-	6,129,972	(1,416,048)
BEG. CASH BALANCE, BEFORE TRAN	16,831,469	12,327,226	6,130,539	6,531,890	6,073,730	4,853,770	7,363,486	9,931,743	8,933,678	12,323,601	12,091,998	12,985,441	14,964,862	
NET CHANGE IN CASH	(4,504,243)	(6,196,687)	401,351	(458,160)	(1,219,960)	2,509,716	2,568,257	(998,065)	3,389,923	(231,603)	893,443	1,979,421	-	(1,866,607)
END. CASH BALANCE, BEFORE TRAN	12,327,226	6,130,539	6,531,890	6,073,730	4,853,770	7,363,486	9,931,743	8,933,678	12,323,601	12,091,998	12,985,441	14,964,862	14,964,862	
TRAN BORROWING														
TRAN Receipts	-	4,855,000	-	-	-	-	-	-	-	-	-	-	-	4,855,000
TRAN Disbursements	-	-	-	-	-	-	(2,427,500)	-	-	-	(2,427,500)	-	-	(4,855,000)
BEG. CASH BALANCE, AFTER TRAN	16,831,469	12,327,226	10,985,539	11,386,890	10,928,730	9,708,770	12,218,486	12,359,243	11,361,178	14,751,101	14,519,498	12,985,441	14,964,862	
NET CHANGE IN CASH	(4,504,243)	(1,341,687)	401,351	(458,160)	(1,219,960)	2,509,716	140,757	(998,065)	3,389,923	(231,603)	(1,534,057)	1,979,421	-	(1,866,607)
END. CASH BALANCE, AFTER TRAN	12,327,226	10,985,539	11,386,890	10,928,730	9,708,770	12,218,486	12,359,243	11,361,178	14,751,101	14,519,498	12,985,441	14,964,862	14,964,862	

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

Manhattan Beach Unified School District
325 S. Peck Ave.
Manhattan Beach, CA 90266
Attn: Director of Fiscal Services

General

Manhattan Beach Unified School District (the “District”) was established in 1912 and unified in 1993, and consists of an area comprising approximately 3.88 square miles in the southwestern portion of Los Angeles County. Its boundaries are coterminous with the City of Manhattan Beach. The District operates five elementary schools, one middle school, one high school, and one preschool.

Organization

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current Board members will, however, serve five-year terms; in order to bring the District into compliance with the requirements of SB 415, the terms of those Board members whose terms of office were scheduled to expire in 2017 were be extended to 2018, and the terms of those Board members whose terms were to expire in 2019 will be extended to 2020. The management and policies of the District are administered by a Board-appointed Superintendent who is responsible for the day-to-day operations and the supervision of other key personnel.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds	\$ 159,959,029
Premium on bonds	10,771,337
Accreted interest on bonds	55,415,713
Compensated absences	464,569
Other postemployment benefits	3,919,031
Supplemental retirement plan	796,388
Net pension liability	79,442,134
TOTAL LONG-TERM OBLIGATIONS	<u><u>\$ 310,768,201</u></u>

On May 9, 2018, the District issued \$42,000,000 aggregate principal amount of Election of 2016 General Obligation Bonds 2018 Series A (Measure C), and \$39,000,000 aggregate principal amount of Election of 2016 General Obligation Bonds 2018 Series A (Measure EE) with a final maturity of September 1, 2043 and September 1, 2046, respectively.

Collective Bargaining Agreements

The District has a multi-year agreement with its bargaining units which included an increase of 1% for 2017-18, 1.5% for 2018-19 and 2.5% for 2019-20. These agreements have been taken into account in the TRAN cash flows.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- The District is assuming slightly declining enrollment for Fiscal Year 2019-20 from Fiscal Year 2018-19.
- The District is using LACOE’s recommended budgeting assumptions from the May Revise for its Fiscal Year 2019-20 budget. These include a 3.26% increase to the LCFF base.
- The District has cut expenditures in the categories of supplies and services in Fiscal Year 2019-20 relative to Fiscal Year 2018-19.
- The District has included the step and column method of teacher pay as well as increases in STRS and PERS in its expenditure assumptions. Salary increases as described in Collective Bargaining Agreements have been assumed.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT SUMMARY OF ADA AND LCFF

<u>Fiscal Year</u>	<u>Funded ADA</u>	<u>LCFF</u>
2014-15 ⁽¹⁾	6,726	\$6,823.58
2015-16 ⁽¹⁾	6,725	7,477.22
2016-17 ⁽¹⁾	6,632	7,807.25
2017-18 ⁽¹⁾	6,533	7,988.96
2018-19 ⁽¹⁾	6,411	8,533.82
2019-20 ⁽²⁾	6,403	8,832.66

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District’s Fiscal Year 2019-20 Adopted Budget.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUE**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$13,961,831,222	\$234,925,659	\$14,196,756,881
2015-16	15,147,219,370	205,276,113	15,352,495,483
2016-17	16,190,669,505	251,786,399	16,442,455,904
2017-18	17,312,304,271	280,014,996	17,592,319,267
2018-19	18,378,047,880	298,552,478	18,676,600,358

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$2,816,699
2015-16	3,234,910
2016-17	4,204,319
2017-18	4,900,159
2018-19 ⁽¹⁾	5,833,137

⁽¹⁾ Estimated

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$1,132,332
2015-16	1,254,959
2016-17	1,714,844
2017-18	2,073,274
2018-19 ⁽¹⁾	2,722,751

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$3,485,959	\$3,485,959	\$163,712
Medicare Premium Payment Program ⁽²⁾	<u>433,114</u>	<u>433,072</u>	<u>29,973</u>
TOTAL	\$3,919,073	\$3,919,031	\$193,685

⁽¹⁾ Based on a measurement date of June 30, 2017.

⁽²⁾ Based on a measurement date of June 30, 2017.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

<u>Name or Type of Fund</u>	<u>Balance as of June 30, 2018</u>	<u>Projected Balance as of June 30, 2019</u>	<u>Projected Balance as of June 30, 2020</u>
Capital Facilities/Developer Fees	<u>\$3,714,215</u>	<u>\$4,400,802</u>	<u>\$5,031,302</u>
Total	\$3,714,215	\$4,400,802	\$5,031,302

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
BEGINNING FUND BALANCE	\$ 13,394,968	\$ 13,912,612	\$ 13,449,979
Total Revenues	74,662,446	73,675,064	74,666,874
Total Beginning Fund Balance and Revenues	88,057,414	87,587,676	88,116,853
Total Expenditures	73,204,172	74,137,697	76,967,435
Other Financing Sources (Uses)	(1,238,479)	0	0
ENDING FUND BALANCE	<u>\$ 13,614,763</u>	<u>\$ 13,449,979</u>	<u>\$ 11,149,418</u>

Source: District's Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾
FOR DISTRICT GENERAL FUND**

	<u>GENERAL FUND 2018-19 BUDGET</u>	<u>GENERAL FUND 2019-20 BUDGET</u>
BEGINNING FUND BALANCE	\$ 10,470,775	\$ 7,491,028
Total Revenues	77,004,263	82,017,677
Total Beginning Fund Balance and Revenues	87,475,038	89,508,707
Total Expenditures	77,149,743	85,789,536
Other Financing Sources (Uses)	0	0
ENDING FUND BALANCE	<u>\$ 10,325,295</u>	<u>\$ 3,719,169</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
Total Assets	\$ 21,196,306	\$ 20,948,785	\$ 17,402,383
Total Liabilities	7,581,543	7,498,806	6,252,965
Fund Balance			
Nonspendable	34,035	21,347	16,025
Restricted	335,638	650,947	422,705
Assigned	89,357	1,646,958	2,309,656
Unassigned	13,155,733	11,130,727	8,401,032
Total Fund Balance	13,614,763	13,449,979	11,149,418
Total Liabilities and Fund Balance	\$ 21,196,306	\$ 20,948,785	\$ 17,402,383

Source: District's Audited Financial Statements.

Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES**

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$20,387,356.39	\$301,919.05	1.48%
2014-15	21,642,832.61	313,078.59	1.45
2015-16	23,529,690.82	335,353.18	1.43
2016-17	25,134,674.71	299,680.15	1.19
2017-18	27,155,926.97	338,606.83	1.25

	Secured Tax Charge ⁽²⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$ 9,268,413.10	\$ 76,329.03	0.82%
2014-15	10,071,012.62	86,085.21	0.85
2015-16	10,104,255.54	93,471.90	0.93
2016-17	11,014,889.20	110,983.85	1.01
2017-18	16,481,417.76	162,627.64	0.99

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Reef America REIT II Corp. BBB	Shopping Center	\$175,452,657	0.95%
2.	CRP MB Studios LLC	Industrial	162,494,789	0.88
3.	Onni Manhattan Towers LP	Office Building	99,956,430	0.54
4.	HMC/Interstate Manhattan Beach LP	Hotel	91,218,104	0.50
5.	Northrop Grumman Systems Corp.	Industrial	73,838,323	0.40
6.	Parstem Realty Co. Inc.	Industrial	73,802,137	0.40
7.	WH Manhattan Beach LP	Hotel	53,613,892	0.29
8.	Ponderosa Belamar LLC	Hotel	39,990,476	0.22
9.	Jeffrey and Melinda Hawken, Trustees	Residence	36,433,236	0.20
10.	St. Paul Fire and Marine Insurance Company	Shopping Center	33,766,161	0.18
11.	Skechers USA Inc.	Industrial	32,678,458	0.18
12.	Jeffrey K. Hepper, Trust	Residence	30,403,039	0.17
13.	Azmil K. Khalid	Residence	29,662,101	0.16
14.	Michael Greenberg	Residential Properties	29,265,121	0.16
15.	Continental 1500 Rosecrans LLC	Office Building	28,562,693	0.16
16.	Richard K. Whitney Trust	Residence	27,156,278	0.15
17.	Kingsford Street Investors LLC	Residence	25,676,150	0.14
18.	Walnut Investments LLC	Residence	24,264,317	0.13
19.	Sepulveda Blvd. Properties LLC	Commercial	22,888,799	0.12
20.	1800 Rosecrans Partners LLC	Shopping Center	22,671,553	0.12
			<u>\$1,113,794,714</u>	<u>6.06%</u>

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$18,378,047,880.
Source: California Municipal Statistics, Inc.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Manhattan Beach Unified School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	808,004	808,004	1,786,001	1,454,407	1,454,407	1,786,001	1,454,407	911,189	1,226,836	911,189	911,189	(515,845)	538,213	13,534,002	
Property Taxes	733,045	1,324,038	-	-	456,077	14,252,643	3,596,869	3,907,265	110,405	8,261,945	4,537,937	1,514,591	-	38,694,814	
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Federal Revenue	-	-	18,184	13,289	-	-	114,802	-	71,782	-	-	-	1,601,575	1,819,632	
Other State Revenue	-	-	41,279	135,664	398,451	943,918	-	-	597,532	452,328	320,818	5,406,911	541,926	8,838,827	
Other Local Revenue	165,656	783,624	290,831	133,234	442,652	24,402	300,319	37,403	2,664,791	316,757	(27,941)	5,345,839	1,302,030	11,779,599	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	1,706,705	2,915,666	2,136,296	1,736,594	2,751,587	17,006,963	5,466,397	4,855,857	4,671,346	9,942,220	5,742,003	11,751,496	3,983,744	74,666,874	
EXPENDITURES															
Certificated Salaries	27,098	244,449	2,919,458	3,030,931	3,041,484	3,026,450	3,036,253	2,984,883	3,010,320	3,071,789	3,013,270	6,113,930	(3,897)	33,516,418	
Classified Salaries	71,675	469,271	997,541	1,085,489	1,237,126	1,112,623	1,040,905	1,228,652	1,027,525	1,138,541	1,185,053	1,882,542	(20,000)	12,456,944	
Employee Benefits	299,835	159,552	812,057	1,385,552	1,434,944	1,412,944	1,404,933	1,438,213	1,405,976	1,432,633	1,444,826	5,480,919	(675)	18,111,710	
Books and Supplies	43,875	245,550	326,691	311,373	144,875	119,212	160,331	141,756	171,410	181,369	236,117	291,088	28,370	2,402,017	
Services	739,720	388,206	346,836	633,194	926,295	1,091,222	692,105	636,112	716,043	719,875	891,830	2,091,850	44,766	9,918,051	
Capital Outlay	-	78,519	-	-	39,685	-	-	17,604	1,745	-	-	-	-	137,553	
Other Outgo	-	9,231	(21,932)	104,189	-	47,814	51,494	-	82,209	60,271	-	48,174	43,294	424,743	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	1,182,203	1,594,777	5,380,650	6,550,728	6,824,409	6,810,266	6,386,021	6,447,219	6,415,229	6,604,477	6,771,096	15,908,503	91,858	76,967,435	
REVENUES MINUS EXPENDITURES	524,502	1,320,889	(3,244,355)	(4,814,134)	(4,072,821)	10,196,698	(919,624)	(1,591,362)	(1,743,883)	3,337,742	(1,029,093)	(4,157,007)	3,891,887	(2,300,561)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	40,278	(3,241)	850,666	1,313,863	613,184	12,878	417,028	(34,690)	23,344	10,925	14,424	(883,184)	(3,249,924)	(874,449)	
Total Current Liabilities	(6,290,929)	(714,578)	4,543	580,417	(290,961)	(443,635)	20,291	260,139	174,059	(106,677)	(289,504)	5,059,822	802,169	(1,234,843)	
TOTAL BALANCE SHEET TRANS.	(6,250,651)	(717,819)	855,209	1,894,280	322,223	(430,757)	437,319	225,449	197,404	(95,752)	(275,080)	4,176,638	(2,447,755)	(2,109,292)	
BEG. CASH BALANCE, BEFORE TRAN	16,780,687	11,054,538	11,657,607	9,268,462	6,348,608	2,598,010	12,363,951	11,881,646	10,515,734	8,969,255	12,211,245	10,907,072	10,926,703		
NET CHANGE IN CASH	(5,726,150)	603,070	(2,389,146)	(2,919,853)	(3,750,598)	9,765,941	(482,305)	(1,365,912)	(1,546,479)	3,241,990	(1,304,172)	19,630	1,444,132	(4,409,853)	
END. CASH BALANCE, BEFORE TRAN	11,054,538	11,657,607	9,268,462	6,348,608	2,598,010	12,363,951	11,881,646	10,515,734	8,969,255	12,211,245	10,907,072	10,926,703	12,370,834		
TRAN BORROWING															
TRAN Receipts	-	7,505,000	-	-	-	-	-	-	-	-	-	-	-	7,505,000	
TRAN Disbursements	-	-	-	-	-	-	(3,752,500)	-	-	(3,921,988)	-	-	-	(7,674,488)	
BEG. CASH BALANCE, AFTER TRAN	16,780,687	11,054,538	19,162,607	16,773,462	13,853,608	10,103,010	19,868,951	15,634,146	14,268,234	12,721,755	12,041,757	10,737,584	10,757,215		
NET CHANGE IN CASH	(5,726,150)	8,108,070	(2,389,146)	(2,919,853)	(3,750,598)	9,765,941	(4,234,805)	(1,365,912)	(1,546,479)	(679,998)	(1,304,172)	19,630	1,444,132	(4,579,341)	
END. CASH BALANCE, AFTER TRAN	11,054,538	19,162,607	16,773,462	13,853,608	10,103,010	19,868,951	15,634,146	14,268,234	12,721,755	12,041,757	10,737,584	10,757,215	12,201,346		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Manhattan Beach Unified School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	758,956	758,956	1,692,780	1,366,120	1,366,120	1,692,779	1,366,120	1,266,441	1,573,326	1,266,441	1,266,441	-	(887,700)	13,486,780
Property Taxes	1,033,403	1,343,650	8,251	-	515,112	15,204,913	3,843,122	2,027,769	100,300	10,987,122	5,307,888	923,984	-	41,295,515
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	-	5,668	-	-	2,591	-	-	-	-	6,178	103,016	-	1,983,430	2,100,883
Other State Revenue	-	-	338,723	-	112,946	627,615	945,420	15,988	882,566	412,596	630,389	2,000,000	3,861,962	9,828,205
Other Local Revenue	9,079	560,484	60,450	497,793	539,962	2,944,716	269,872	249,939	568,669	877,182	968,077	6,800,267	3,153,010	17,499,500
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,801,438	2,668,758	2,100,204	1,863,913	2,536,731	20,470,023	6,424,534	3,560,136	3,124,861	13,549,519	8,275,811	9,724,251	8,110,702	84,210,882
EXPENDITURES														
Certificated Salaries	24,867	273,652	2,973,827	3,064,051	3,087,396	3,091,699	3,095,365	3,059,619	3,087,938	3,151,512	3,712,761	3,660,220	2,984,530	35,267,437
Classified Salaries	66,406	524,106	1,072,472	1,186,073	1,308,073	1,162,691	1,186,457	1,348,556	1,222,787	1,275,566	1,561,160	1,644,437	232,719	13,791,503
Employee Benefits	305,491	192,367	932,293	1,610,658	1,655,061	1,609,292	1,632,945	1,655,633	1,616,623	1,661,051	1,843,594	5,426,847	315,919	20,457,774
Books and Supplies	212,115	294,464	353,907	179,678	116,155	112,232	232,830	156,470	137,704	156,349	226,299	237,297	516,615	2,932,116
Services	911,503	389,677	390,638	1,552,258	855,951	1,375,908	998,040	1,025,970	1,215,542	819,921	1,167,402	1,395,903	2,162,446	14,261,159
Capital Outlay	31,750	420,564	9,246	5,890	17,796	9,477	36,080	2,637	-	50,573	68,851	87,226	25,246	765,335
Other Outgo	-	-	13,478	94,000	-	-	(587)	(13,478)	313,579	-	-	(13,044)	-	393,948
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,552,132	2,094,831	5,745,860	7,692,607	7,040,433	7,361,300	7,181,130	7,235,408	7,594,173	7,114,972	8,580,067	12,438,886	6,237,475	87,869,272
REVENUES MINUS EXPENDITURES	249,306	573,928	(3,645,655)	(5,828,694)	(4,503,701)	13,108,723	(756,596)	(3,675,271)	(4,469,313)	6,434,547	(304,256)	(2,714,635)	1,873,227	(3,658,391)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	37,106	(27,294)	949,837	2,546	983,908	976,474	(1,552)	9,275	4,515	360,348	58,971	1,667,415	(8,110,702)	(3,089,154)
Total Current Liabilities	(4,462,885)	(1,631,432)	(441,012)	(8,634)	1,878,344	(1,477,190)	(213,639)	359,084	(197,711)	(62,793)	(89,066)	120,299	6,237,475	10,840
TOTAL BALANCE SHEET TRANS.	(4,425,780)	(1,658,726)	508,825	(6,088)	2,862,252	(500,716)	(215,191)	368,359	(193,197)	297,555	(30,095)	1,787,714	(1,873,227)	(3,078,314)
BEG. CASH BALANCE, BEFORE TRAN	12,370,834	8,194,360	7,109,562	3,972,732	(1,862,050)	(3,503,499)	9,104,507	8,132,721	4,825,809	163,300	6,895,402	6,561,051	5,634,130	
NET CHANGE IN CASH	(4,176,474)	(1,084,798)	(3,136,831)	(5,834,781)	(1,641,449)	12,608,006	(971,786)	(3,306,912)	(4,662,509)	6,732,102	(334,351)	(926,921)	-	(6,736,704)
END. CASH BALANCE, BEFORE TRAN	8,194,360	7,109,562	3,972,732	(1,862,050)	(3,503,499)	9,104,507	8,132,721	4,825,809	163,300	6,895,402	6,561,051	5,634,130	5,634,130	
TRAN BORROWING														
TRAN Receipts	-	6,000,000	-	-	-	-	-	-	-	-	-	-	-	6,000,000
TRAN Disbursements	-	-	-	-	-	-	(3,000,000)	-	-	-	(3,000,000)	-	-	(6,000,000)
BEG. CASH BALANCE, AFTER TRAN	12,370,834	8,194,360	13,109,562	9,972,732	4,137,950	2,496,501	15,104,507	11,132,721	7,825,809	3,163,300	9,895,402	6,561,051	5,634,130	
NET CHANGE IN CASH	(4,176,474)	4,915,202	(3,136,831)	(5,834,781)	(1,641,449)	12,608,006	(3,971,786)	(3,306,912)	(4,662,509)	6,732,102	(3,334,351)	(926,921)	-	(6,736,704)
END. CASH BALANCE, AFTER TRAN	8,194,360	13,109,562	9,972,732	4,137,950	2,496,501	15,104,507	11,132,721	7,825,809	3,163,300	9,895,402	6,561,051	5,634,130	5,634,130	

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Manhattan Beach Unified School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	698,828	698,828	1,578,420	1,257,890	1,257,890	1,578,419	1,257,890	1,257,890	1,578,419	1,257,890	1,257,890	1,578,420	-	15,258,674
Property Taxes	1,033,403	1,343,650	8,251	-	515,112	15,204,913	3,843,122	2,027,769	100,300	10,987,122	5,307,888	923,985	-	41,295,515
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	-	-	-	-	2,591	-	-	-	-	103,015	103,016	103,016	1,778,883	2,090,521
Other State Revenue	-	-	338,723	-	112,946	627,615	845,420	15,988	1,184,208	1,284,208	1,184,208	1,285,109	1,677,896	8,556,321
Other Local Revenue	9,079	560,484	60,450	497,793	539,962	1,904,716	269,872	249,939	1,914,683	1,314,683	2,210,676	3,200,600	2,083,708	14,816,645
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,741,310	2,602,962	1,985,844	1,755,683	2,428,501	19,315,663	6,216,304	3,551,586	4,777,610	14,946,918	10,063,678	7,091,130	5,540,487	82,017,676
EXPENDITURES														
Certificated Salaries	26,126	287,506	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,278,755	3,119,292	36,220,474
Classified Salaries	68,066	550,639	1,307,455	1,307,455	1,407,456	1,407,456	1,421,530	1,421,530	1,407,455	1,407,455	1,407,455	1,407,455	587,007	15,108,414
Employee Benefits	313,128	197,176	955,600	1,650,924	1,655,061	1,669,524	1,696,438	1,697,024	1,697,039	1,752,577	1,900,805	5,280,292	1,178,016	21,643,604
Books and Supplies	79,270	185,813	182,944	120,725	106,650	90,529	96,961	104,569	114,352	95,996	91,520	126,844	258,309	1,654,482
Services	667,615	350,365	413,028	571,472	886,003	584,853	774,641	874,106	846,246	899,704	1,050,897	1,119,460	1,647,782	10,686,172
Capital Outlay	-	-	82,442	-	-	-	-	-	-	-	-	-	-	82,442
Other Outgo	-	8,639	25,674	90,510	-	44,749	48,193	-	72,939	52,407	-	50,837	-	393,948
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,154,205	1,580,138	6,245,898	7,019,841	7,333,925	7,075,866	7,316,518	7,375,984	7,416,786	7,486,894	7,729,432	11,263,643	6,790,406	85,789,536
REVENUES MINUS EXPENDITURES	587,105	1,022,824	(4,260,054)	(5,264,158)	(4,905,424)	12,239,797	(1,100,214)	(3,824,398)	(2,639,176)	7,460,024	2,334,246	(4,172,513)	(1,249,919)	(3,771,860)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	360,000	-	1,500,000	985,000	2,200,000	1,650,000	-	698,000	438,000	279,702	-	-	(5,540,487)	2,570,215
Total Current Liabilities	(4,400,000)	(447,641)	(441,000)	-	(222,228)	(388,607)	(260,000)	(78,000)	-	-	-	-	6,790,406	552,930
TOTAL BALANCE SHEET TRANS.	(4,040,000)	(447,641)	1,059,000	985,000	1,977,772	1,261,393	(260,000)	620,000	438,000	279,702	-	-	1,249,919	3,123,145
BEG. CASH BALANCE, BEFORE TRAN	5,634,130	2,181,235	2,756,418	(444,636)	(4,723,794)	(7,651,446)	5,849,744	4,489,530	1,285,132	(916,044)	6,823,682	9,157,928	4,985,415	
NET CHANGE IN CASH	(3,452,895)	575,183	(3,201,054)	(4,279,158)	(2,927,652)	13,501,190	(1,360,214)	(3,204,398)	(2,201,176)	7,739,726	2,334,246	(4,172,513)	-	(648,715)
END. CASH BALANCE, BEFORE TRAN	2,181,235	2,756,418	(444,636)	(4,723,794)	(7,651,446)	5,849,744	4,489,530	1,285,132	(916,044)	6,823,682	9,157,928	4,985,415	4,985,415	
TRAN BORROWING														
TRAN Receipts	-	10,200,000	-	-	-	-	-	-	-	-	-	-	-	10,200,000
TRAN Disbursements	-	-	-	-	-	-	(5,100,000)	-	-	-	(5,100,000)	-	-	(10,200,000)
BEG. CASH BALANCE, AFTER TRAN	5,634,130	2,181,235	12,956,418	9,755,364	5,476,206	2,548,554	16,049,744	9,589,530	6,385,132	4,183,956	11,923,682	9,157,928	4,985,415	
NET CHANGE IN CASH	(3,452,895)	10,775,183	(3,201,054)	(4,279,158)	(2,927,652)	13,501,190	(6,460,214)	(3,204,398)	(2,201,176)	7,739,726	(2,765,754)	(4,172,513)	-	(648,715)
END. CASH BALANCE, AFTER TRAN	2,181,235	12,956,418	9,755,364	5,476,206	2,548,554	16,049,744	9,589,530	6,385,132	4,183,956	11,923,682	9,157,928	4,985,415	4,985,415	

REDONDO BEACH UNIFIED SCHOOL DISTRICT

Redondo Beach Unified School District
1401 Inglewood Avenue
Redondo Beach, CA 90278
Attn: Director of Fiscal Services

General

The Redondo Beach City School District (the “District”) was established in 1888. Encompassing approximately 6 square miles in the southwest region of Los Angeles County, the District’s boundaries are coterminous with the Redondo Beach city limits. As of July 1, 1993, the District became unified as a K 12 district, adding the Redondo Union High School to the City School District’s elementary schools. The District operates eight elementary schools, two middle schools, one high school, one continuation high school, one adult school and several child development centers. In addition, the District provides programs through which students can obtain a high school diploma through independent study at two locations.

Organization

The District is governed by a five-member Board of Education whose members are elected to four-year terms in alternating slates of two and three members.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

<u>Description</u>	<u>Balance</u>
General obligation bonds	\$ 239,840,714
Unamortized premium	11,694,013
Accreted interest	9,585,009
Total general obligation bonds	261,119,736
Early retirement incentive	1,472,577
Compensated absences	358,192
Net pension liability	116,108,983
TOTAL LONG-TERM OBLIGATIONS	\$ 379,059,488

On June 6, 2019, the District sold \$12,210,000 aggregate principal amount of 2020 General Obligation Refunding Bonds (Forward Delivery) which will be delivered on or about May 5, 2020. Further, the District issued \$5,000,000 aggregate principal amount of Election of 2012 General Obligation Bonds, Series D on June 20, 2019.

Collective Bargaining Agreements

The District settled negotiations with respect to employee compensation with both of its bargaining units for Fiscal Year 2018-19. The terms of the bargaining agreements covered July 1, 2018 through June 30, 2019, and included a 3% increase on the salary schedules, and a 0.8% one-time payment, as well as an increase in the District's contribution toward health and welfare benefit for Fiscal Year 2018-19 only. The District and the bargaining units will continue to operate under the terms of the expired agreements until new agreements are negotiated.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- Fiscal Year 2019-20 ADA is stable compared to Fiscal Year 2018-19.
- The District is using LACOE's recommended budgeting assumptions from the May Revise for its Fiscal Year 2019-20 budget. These include a 3.26% increase to the LCFF base.
- The District has included Fiscal Year 2018-19 salary increases in its cash flows.
- The District has included increases due to the step and column method of teacher pay and in STRS and PERS employer contributions in its expenditure assumptions.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

REDONDO BEACH UNIFIED SCHOOL DISTRICT SUMMARY OF ADA AND LCFF

<u>Fiscal Year</u>	<u>Funded ADA</u>	<u>LCFF</u>
2014-15 ⁽¹⁾	9,012	\$7,215.56
2015-16 ⁽¹⁾	9,153	7,808.31
2016-17 ⁽¹⁾	9,448	8,091.28
2017-18 ⁽¹⁾	9,558	8,254.58
2018-19 ⁽²⁾	9,650	8,782.91
2019-20 ⁽²⁾	9,650	9,113.16

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District's Fiscal Year 2019-20 Adopted Budget.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years.

REDONDO BEACH UNIFIED SCHOOL DISTRICT SUMMARY OF ASSESSED VALUE

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$13,007,860,065	\$129,600,000	\$480,184,831	\$13,617,644,896
2015-16	13,671,055,577	126,271,000	492,939,951	14,290,266,528
2016-17	14,498,706,043	108,471,000	447,726,063	15,054,903,106
2017-18	15,329,759,882	85,571,000	502,985,927	15,918,316,809
2018-19	16,189,751,587	58,871,000	501,284,209	16,749,906,796

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$3,715,852
2015-16	4,940,802
2016-17	6,099,011
2017-18	7,308,231
2018-19 ⁽¹⁾	8,873,997

⁽¹⁾ Estimated

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District's contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$1,717,141
2015-16	1,926,944
2016-17	2,390,976
2017-18	2,807,906
2018-19 ⁽¹⁾	3,578,357

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District does not provide any post-employment benefits for any of its employees or retirees.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

Name or Type of Fund	Balance as of June 30, 2018	Projected Balance as of June 30, 2019	Projected Balance as of June 30, 2020
Adult Education Fund	\$ 4,374,489	\$ 3,800,000	\$ 3,800,000
Child Development Fund	2,386,106	2,400,000	2,400,000
Child Nutrition Programs	712,603	700,000	700,000
Deferred Maintenance Programs	889,289	1,200,000	1,200,000
Reserve for Economic Uncertainties	2,253,995	2,300,000	2,300,000
Developer Fees for Capital Projects	1,520,423	1,600,000	1,600,000
Capital and Equipment Expenditures	3,883,417	3,950,000	3,950,000
Workers Compensation	<u>2,595,174</u>	<u>1,800,000</u>	<u>1,800,000</u>
Total	\$18,615,497	\$17,750,000	\$17,750,000

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**REDONDO BEACH UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
BEGINNING FUND BALANCE	\$ 9,508,916	\$ 15,086,108	\$ 18,502,850
Total Revenues	94,950,301	96,741,334	97,918,963
Total Beginning Fund Balance and Revenues	104,459,217	111,827,442	116,421,813
Total Expenditures	86,894,467	91,878,315	99,211,998
Other Financing Sources (Uses)	(2,478,642)	(1,446,277)	0
ENDING FUND BALANCE	<u>\$ 15,086,108</u>	<u>\$ 18,502,850</u>	<u>\$ 17,209,815</u>

Source: District’s Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

REDONDO BEACH UNIFIED SCHOOL DISTRICT SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾ FOR DISTRICT GENERAL FUND

	<u>GENERAL FUND 2018-19 BUDGET</u>	<u>GENERAL FUND 2019-20 BUDGET</u>
BEGINNING FUND BALANCE	\$ 15,032,245	\$ 10,783,704
Total Revenues	95,418,094	101,838,700
Total Beginning Fund Balance and Revenues	110,450,339	112,622,404
Total Expenditures	95,799,891	101,747,519
Other Financing Sources (Uses)	-	-
ENDING FUND BALANCE	<u>\$ 14,650,448</u>	<u>\$ 10,874,885</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

REDONDO BEACH UNIFIED SCHOOL DISTRICT GENERAL FUND BALANCE SHEET FOR FISCAL YEARS ENDING JUNE 30, 2016, 2017 AND 2018

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
Total Assets	\$ 23,634,108	\$ 28,144,291	\$ 26,494,597
Total Liabilities	\$ 8,548,000	\$ 9,641,441	\$ 9,284,782
Fund Balance			
Nonspendable	87,960	130,800	110,084
Restricted	4,035,561	5,781,813	4,812,247
Assigned	2,403,277	1,446,277	0
Unassigned	8,559,310	11,143,960	12,287,484
Total Fund Balance	<u>15,086,108</u>	<u>18,502,850</u>	<u>17,209,815</u>
Total Liabilities and Fund Balance	<u>\$ 23,634,108</u>	<u>\$ 28,144,291</u>	<u>\$ 26,494,597</u>

Source: District's Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

REDONDO BEACH UNIFIED SCHOOL DISTRICT SECURED TAX CHARGES AND DELINQUENCIES

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$20,124,011.93	\$232,700.12	1.16%
2014-15	21,224,518.82	305,619.13	1.44
2015-16	22,374,098.20	317,274.94	1.42
2016-17	23,484,613.14	277,144.94	1.18
2017-18	25,037,483.66	309,115.62	1.23

	Secured Tax Charge ⁽²⁾	Amt. Del. June 30	% Del. June 30
2013-14	\$11,513,524.22	\$107,485.93	0.93%
2014-15	12,700,130.08	97,914.42	0.77
2015-16	12,636,681.93	100,314.20	0.79
2016-17	13,398,515.49	199,117.80	1.49
2017-18	13,306,050.70	96,065.01	0.72

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**REDONDO BEACH UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total ⁽¹⁾
1.	Northrop Grumman Systems Corp.	Industrial	\$ 270,174,765	1.67%
2.	South Bay Center SPE LLC	Shopping Center	219,110,904	1.35
3.	Redondo Industrial Park LLC	Hotel	75,877,648	0.47
4.	Noble House RECP Hotel Venture LLC	Hotel	66,811,260	0.41
5.	The Kobe Group Inc.	Apartments	65,835,340	0.41
6.	AES Redondo Beach LLC	Power Plant	58,500,000	0.36
7.	Redondo Distribution Center LLC	Industrial	53,788,680	0.33
8.	SCG 616 Esplanade Street LLC	Apartments	53,382,974	0.33
9.	LPF Redondo Beach Inc.	Shopping Center	49,302,853	0.30
10.	HPT IHG 2 Properties Trust	Hotel	48,194,226	0.30
11.	MKEG P LLC	Office Building	41,652,353	0.26
12.	3701 Doolittle LLC	Office Building	36,700,000	0.23
13.	Target Corporation	Commercial	34,017,524	0.21
14.	ROIC Redondo Beach Plaza LLC	Shopping Center	33,279,531	0.21
15.	FC South Bay Outparcel LLC	Shopping Center	31,782,420	0.20
16.	Legado Redondo LLC	Hotel	29,974,397	0.19
17.	Haagen Redondo LLC	Shopping Center	29,618,524	0.18
18.	Metropolitan Investments III LLC	Industrial	28,718,265	0.18
19.	Craig R. Casner	Residential Properties	28,641,507	0.18
20.	California Water Service Co.	Water Company	<u>28,367,333</u>	<u>0.18</u>
			<u>\$1,283,730,504</u>	<u>7.93%</u>

⁽¹⁾ 2018-19 Local Secured and Utility Assessed Valuations (excluding tax-exempt property): \$16,189,751,587.

Source: California Municipal Statistics, Inc.

**REDONDO BEACH UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Redondo Beach Unified School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	1,325,214	1,325,214	5,556,375	2,385,386	2,385,386	5,556,375	2,385,386	2,199,328	5,323,330	2,199,328	2,199,328	2,752,663	631,413	36,224,726	
Property Taxes	837,221	1,454,838	-	-	570,156	14,701,175	3,820,131	4,528,955	120,591	8,347,703	5,317,767	2,974,291	-	42,672,829	
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Federal Revenue	7,295	7,295	112,971	22,272	7,295	71,320	130,442	7,506	121,323	7,506	7,506	131,138	2,331,046	2,964,917	
Other State Revenue	-	-	79,910	349,519	418,196	1,542,367	431,581	188,038	676,391	1,545,148	567,689	1,938,277	1,518,672	9,255,787	
Other Local Revenue	74,112	404,443	316,830	218,552	187,983	1,111,351	203,256	191,923	330,787	229,611	87,371	340,683	(256,239)	3,440,663	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	2,243,843	3,191,790	6,066,086	2,975,728	3,569,015	22,982,588	6,970,796	7,115,751	6,572,422	12,329,295	8,179,662	8,137,053	4,224,892	94,558,922	
EXPENDITURES															
Certificated Salaries	83,110	562,695	3,960,120	4,267,599	4,310,528	4,159,948	4,123,649	4,181,753	4,288,912	4,216,377	4,210,537	4,210,076	4,540,119	47,115,423	
Classified Salaries	67,069	629,286	830,171	1,385,548	1,426,736	1,347,323	1,384,683	1,418,038	1,452,972	1,428,034	1,577,514	1,501,237	1,190,252	15,638,862	
Employee Benefits	865,836	239,818	880,411	1,662,980	1,687,310	1,644,137	1,656,845	1,660,995	1,688,841	1,676,817	1,712,560	1,650,536	1,598,018	18,625,104	
Books and Supplies	(6,699)	113,043	365,128	225,291	163,841	131,413	69,930	63,702	52,953	123,224	285,335	197,875	187,519	1,972,555	
Services	12,060	1,134,153	650,738	731,994	534,373	915,000	843,181	850,413	1,308,565	880,428	1,071,543	670,381	1,696,863	11,299,693	
Capital Outlay	-	11,806	32,950	-	8,723	7,893	6,406	-	12,180	-	-	231,434	262,725	574,117	
Other Outgo	-	-	-	190,202	105,877	-	339,848	-	-	355,616	-	-	(330,383)	661,159	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	1,021,377	2,690,800	6,719,519	8,463,614	8,237,388	8,205,715	8,424,541	8,174,901	8,804,422	8,680,495	8,857,489	8,461,539	9,145,113	95,886,913	
REVENUES MINUS EXPENDITURES	1,222,465	500,990	(653,432)	(5,487,886)	(4,668,373)	14,776,873	(1,453,745)	(1,059,150)	(2,232,000)	3,648,800	(677,827)	(324,486)	(4,920,221)	(1,327,991)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	550,739	254,972	284,455	(414,098)	(233,756)	1,784,034	357,354	(80,446)	(74,127)	329,961	(255,339)	118,718	-	2,622,468	
Total Current Liabilities	(7,680,360)	(94,837)	(263,738)	528,088	(856,665)	977,985	(571,157)	(245,592)	(703,559)	205,031	(504,456)	79,867	4,920,221	(4,209,172)	
TOTAL BALANCE SHEET TRANS.	(7,129,621)	160,135	20,717	113,991	(1,090,421)	2,762,019	(213,803)	(326,038)	(777,686)	534,992	(759,795)	198,586	4,920,221	(1,586,705)	
BEG. CASH BALANCE, BEFORE TRAN	22,092,419	16,185,263	16,846,387	16,213,672	10,839,777	5,080,983	22,619,876	20,952,328	19,567,139	16,557,453	20,741,245	19,303,623	19,177,722		
NET CHANGE IN CASH	(5,907,156)	661,125	(632,715)	(5,373,895)	(5,758,794)	17,538,892	(1,667,548)	(1,385,189)	(3,009,686)	4,183,792	(1,437,622)	(125,900)	-	(2,914,696)	
END. CASH BALANCE, BEFORE TRAN	16,185,263	16,846,387	16,213,672	10,839,777	5,080,983	22,619,876	20,952,328	19,567,139	16,557,453	20,741,245	19,303,623	19,177,722	19,177,722		
TRAN BORROWING															
TRAN Receipts	-	4,545,000	-	-	-	-	-	-	-	-	-	-	-	4,545,000	
TRAN Disbursements	-	-	-	-	-	-	(2,272,500)	-	-	-	(2,272,500)	-	-	(4,545,000)	
BEG. CASH BALANCE, AFTER TRAN	22,092,419	16,185,263	21,391,387	20,758,672	15,384,777	9,625,983	27,164,876	23,224,828	21,839,639	18,829,953	23,013,745	19,303,623	19,177,722		
NET CHANGE IN CASH	(5,907,156)	5,206,125	(632,715)	(5,373,895)	(5,758,794)	17,538,892	(3,940,048)	(1,385,189)	(3,009,686)	4,183,792	(3,710,122)	(125,900)	(0)	(2,914,696)	
END. CASH BALANCE, AFTER TRAN	16,185,263	21,391,387	20,758,672	15,384,777	9,625,983	27,164,876	23,224,828	21,839,639	18,829,953	23,013,745	19,303,623	19,177,722	19,177,722		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Redondo Beach Unified School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	1,518,962	1,518,962	5,407,308	2,734,131	2,734,131	5,407,307	2,734,131	2,843,445	6,767,385	2,843,445	2,843,445	2,932,756	-	40,285,408
Property Taxes	1,166,866	1,435,779	17,082	-	550,513	15,450,279	4,028,579	2,416,089	148,698	11,090,772	6,343,065	3,027,503	(1,205,518)	44,469,707
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	7,506	7,506	-	29,606	142,381	108,154	142,146	7,550	140,055	90,814	55,095	7,506	2,555,011	3,293,332
Other State Revenue	10,495	-	74,117	164,266	684,447	439,521	1,838,991	343,454	1,317,036	594,524	638,138	2,098,871	2,176,038	10,379,897
Other Local Revenue	170,203	338,797	256,129	879,695	152,349	227,172	113,741	89,285	26,237	134,577	75,027	121,825	1,330,811	3,915,848
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,874,032	3,301,044	5,754,636	3,807,699	4,263,821	21,632,433	8,857,588	5,699,822	8,399,411	14,754,132	9,954,769	8,188,461	4,856,342	102,344,192
EXPENDITURES														
Certificated Salaries	58,745	546,872	4,168,716	4,429,935	4,843,987	4,505,953	4,461,305	4,439,058	4,571,502	4,515,337	4,852,632	4,483,390	4,518,960	50,396,393
Classified Salaries	59,775	674,719	905,537	1,468,829	1,666,479	1,444,485	1,488,972	1,527,376	1,472,910	1,519,678	1,714,131	1,458,736	975,714	16,377,341
Employee Benefits	531,667	269,571	1,039,618	1,903,454	2,025,857	1,909,457	1,922,907	1,921,361	1,939,260	1,938,920	1,981,186	1,970,450	1,965,085	21,318,794
Books and Supplies	78,907	171,623	245,389	2,181,103	190,425	729,989	212,196	65,724	118,972	102,145	184,224	670,381	1,246,334	6,197,413
Services	98,053	354,280	926,940	637,905	857,504	1,364,334	966,060	795,853	947,669	827,309	975,070	855,131	1,779,973	11,386,081
Capital Outlay	-	-	-	-	-	-	11,925	-	-	-	-	-	138,075	150,000
Other Outgo	-	-	-	123,000	-	-	-	-	250,196	-	138,328	123,000	133,296	767,820
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	(90,000)	(90,000)
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	827,148	2,017,065	7,286,201	10,744,227	9,584,252	9,954,218	9,063,366	8,749,372	9,300,509	8,903,389	9,845,572	9,561,089	10,667,436	106,503,842
REVENUES MINUS EXPENDITURES	2,046,885	1,283,980	(1,531,564)	(6,936,528)	(5,320,431)	11,678,215	(205,778)	(3,049,550)	(901,098)	5,850,743	109,197	(1,372,627)	(5,811,094)	(4,159,650)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	1,185,697	264,552	225,114	55,661	1,382,458	279,188	(376,656)	(85,762)	195,865	(104,693)	(317,213)	50,103	(4,856,342)	(2,102,029)
Total Current Liabilities	(8,958,573)	(172,360)	(53,504)	154,037	86,189	1,187,862	(985,259)	(512,487)	302,243	225,266	(450,465)	685,000	10,667,436	2,175,387
TOTAL BALANCE SHEET TRANS.	(7,772,875)	92,192	171,610	209,698	1,468,647	1,467,050	(1,361,915)	(598,250)	498,108	120,574	(767,678)	735,103	5,811,094	73,358
BEG. CASH BALANCE, BEFORE TRAN	19,177,722	13,451,732	14,827,904	13,467,950	6,741,120	2,889,336	16,034,601	14,466,908	10,819,108	10,416,118	16,387,435	15,728,955	15,091,430	
NET CHANGE IN CASH	(5,725,991)	1,376,172	(1,359,954)	(6,726,830)	(3,851,785)	13,145,266	(1,567,694)	(3,647,799)	(402,990)	5,971,317	(658,480)	(637,524)	-	(4,086,292)
END. CASH BALANCE, BEFORE TRAN	13,451,732	14,827,904	13,467,950	6,741,120	2,889,336	16,034,601	14,466,908	10,819,108	10,416,118	16,387,435	15,728,955	15,091,430	15,091,430	
TRAN BORROWING														
TRAN Receipts	-	5,540,000	-	-	-	-	-	-	-	-	-	-	-	5,540,000
TRAN Disbursements	-	-	-	-	-	-	(2,770,000)	-	-	-	(2,770,000)	-	-	(5,540,000)
BEG. CASH BALANCE, AFTER TRAN	19,177,722	13,451,732	20,367,904	19,007,950	12,281,120	8,429,336	21,574,601	17,236,908	13,589,108	13,186,118	19,157,435	15,728,955	15,091,430	
NET CHANGE IN CASH	(5,725,991)	6,916,172	(1,359,954)	(6,726,830)	(3,851,785)	13,145,266	(4,337,694)	(3,647,799)	(402,990)	5,971,317	(3,428,480)	(637,524)	-	(4,086,292)
END. CASH BALANCE, AFTER TRAN	13,451,732	20,367,904	19,007,950	12,281,120	8,429,336	21,574,601	17,236,908	13,589,108	13,186,118	19,157,435	15,728,955	15,091,430	15,091,430	

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Redondo Beach Unified School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	1,564,953	1,564,953	5,860,212	2,816,915	2,816,915	5,860,212	2,816,915	2,816,915	5,860,212	2,816,915	2,816,915	5,860,215	-	43,472,247
Property Taxes	1,166,866	1,435,779	17,082	-	550,513	15,450,279	4,028,579	2,416,089	148,698	11,090,772	6,345,633	3,027,503	(1,208,086)	44,469,707
Miscellaneous Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue	7,506	7,506	7,506	27,506	14,376	112,506	142,376	7,506	135,506	32,506	7,506	7,506	2,513,564	3,023,376
Other State Revenue	-	-	-	160,000	699,497	940,262	160,000	160,000	1,175,659	595,000	595,000	988,815	2,482,331	7,956,564
Other Local Revenue	170,203	338,797	256,129	79,695	82,349	227,172	113,741	89,285	26,237	134,577	75,027	121,825	1,201,769	2,916,806
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,909,528	3,347,035	6,140,929	3,084,116	4,163,649	22,590,432	7,261,611	5,489,795	7,346,312	14,669,770	9,840,080	10,005,864	4,989,578	101,838,700
EXPENDITURES														
Certificated Salaries	83,140	500,788	4,275,761	4,509,289	4,534,523	4,459,523	4,415,335	4,393,318	4,524,397	4,468,811	4,535,027	4,537,193	4,639,999	49,877,104
Classified Salaries	59,463	692,030	990,810	1,491,161	1,476,944	1,466,944	1,511,198	1,519,402	1,465,220	1,511,744	1,461,505	1,451,120	1,194,298	16,291,839
Employee Benefits	540,678	274,140	1,057,238	1,935,713	2,060,191	1,941,819	1,955,497	1,953,925	1,972,127	1,971,781	1,966,815	2,003,845	2,046,337	21,680,106
Books and Supplies	78,907	207,409	323,764	280,005	199,102	196,587	193,016	85,724	112,605	167,514	105,725	225,135	382,115	2,557,608
Services	100,929	360,092	951,830	498,143	708,685	1,405,129	959,201	851,194	826,044	1,097,195	922,055	880,830	951,715	10,513,042
Capital Outlay	-	-	-	-	-	-	11,925	-	-	-	-	-	138,075	150,000
Other Outgo	-	-	-	114,250	-	-	114,250	-	-	114,250	-	114,250	310,820	767,820
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	(90,000)	(90,000)
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	863,117	2,034,459	7,599,403	8,828,561	8,979,445	9,470,002	9,160,422	8,803,563	8,900,393	9,331,295	8,991,127	9,212,373	9,573,359	101,747,519
REVENUES MINUS EXPENDITURES	2,046,411	1,312,576	(1,458,474)	(5,744,445)	(4,815,796)	13,120,430	(1,898,811)	(3,313,768)	(1,554,081)	5,338,475	848,953	793,491	(4,583,781)	91,181
BALANCE SHEET TRANSACTIONS														
Total Current Assets	595,000	1,168,000	447,000	-	120,000	106,000	747,000	660,000	-	-	-	-	(4,989,578)	(1,146,578)
Total Current Liabilities	(8,150,000)	(160,000)	(200,000)	(80,000)	-	-	-	(241,617)	(241,617)	(241,617)	(241,617)	(241,618)	9,573,359	(224,727)
TOTAL BALANCE SHEET TRANS.	(7,555,000)	1,008,000	247,000	(80,000)	120,000	106,000	747,000	418,383	(241,617)	(241,617)	(241,617)	(241,618)	4,583,781	(1,371,305)
BEG. CASH BALANCE, BEFORE TRAN	15,091,430	9,582,841	11,903,417	10,691,943	4,867,499	171,703	13,398,133	12,246,322	9,350,937	7,555,239	12,652,096	13,259,433	13,811,306	
NET CHANGE IN CASH	(5,508,589)	2,320,576	(1,211,474)	(5,824,445)	(4,695,796)	13,226,430	(1,151,811)	(2,895,385)	(1,795,698)	5,096,858	607,336	551,873	-	(1,280,124)
END. CASH BALANCE, BEFORE TRAN	9,582,841	11,903,417	10,691,943	4,867,499	171,703	13,398,133	12,246,322	9,350,937	7,555,239	12,652,096	13,259,433	13,811,306	13,811,306	
TRAN BORROWING														
TRAN Receipts	-	11,450,000	-	-	-	-	-	-	-	-	-	-	-	11,450,000
TRAN Disbursements	-	-	-	-	-	-	(5,725,000)	-	-	-	(5,725,000)	-	-	(11,450,000)
BEG. CASH BALANCE, AFTER TRAN	15,091,430	9,582,841	23,353,417	22,141,943	16,317,499	11,621,703	24,848,133	17,971,322	15,075,937	13,280,239	18,377,096	13,259,433	13,811,306	
NET CHANGE IN CASH	(5,508,589)	13,770,576	(1,211,474)	(5,824,445)	(4,695,796)	13,226,430	(6,876,811)	(2,895,385)	(1,795,698)	5,096,858	(5,117,664)	551,873	-	(1,280,124)
END. CASH BALANCE, AFTER TRAN	9,582,841	23,353,417	22,141,943	16,317,499	11,621,703	24,848,133	17,971,322	15,075,937	13,280,239	18,377,096	13,259,433	13,811,306	13,811,306	

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, CA 90404
Attn: Business Office

General

The Santa Monica-Malibu Unified School District (the “District”) was first established in 1875, and is comprised of an area of approximately 28.4 square miles in Los Angeles County. The District operates nine elementary schools, three middle schools, one K-8 alternative school, two high schools, one continuation high school, an adult education program, as well as childcare and development centers.

Organization

The District is governed by a seven-member Board of Education, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

Description	Balance
Total general obligation bonds	\$ 413,515,171
Total certificates of participation	12,659,860
Capital leases	28,125
Compensated absences	889,275
Net OPEB obligation	38,066,329
Net pension liability	173,182,541
TOTAL LONG-TERM OBLIGATIONS	\$ 638,341,301

The District expects to issue \$110,000,000 preliminary aggregate principal amount of General Obligation Bonds of School Facilities Improvement District No. 1 of Santa Monica-Malibu Unified School District (Santa Monica Schools) (Los Angeles County, California) Election of 2018, Series A and \$35,000,000 preliminary aggregate principal amount of General Obligation Bonds of School Facilities Improvement District No. 2 of Santa Monica-Malibu Unified School District (Malibu Schools) (Los Angeles County, California) Election of 2018, Series A on or about October 2, 2019.

Collective Bargaining Agreements

The District has contracts with its two bargaining units that expired on June 30, 2018. The District and its bargaining units will continue to work under the terms of the June 30, 2018 expired contracts.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- Fiscal Year 2019-20 ADA is slightly declining when compared to Fiscal Year 2018-19.
- The District is Basic Aid, receiving \$522.75 more per ADA from local property taxes than would be received under their LCFF.

- The District is using LACOE’s recommended budgeting assumptions from the May Revise for the State Funding portions of its Fiscal Year 2019-20 budget.
- The District has a parcel tax that provides approximately \$12,400,000 in annual revenues.
- The District has included Fiscal Year 2018-19 salary improvements in its cash flows.
- The District has included increases due to the step and column method of teacher pay and in STRS and PERS employer contributions in its expenditure assumptions.

LCFF Funding History and Projection

The District became a “Basic Aid” district (a school district in which the district’s per pupil property tax revenue exceeds its per pupil LCFF) in Fiscal Year 2017-18. For a further description of Basic Aid districts, see “PARTICIPANT FINANCES – K-12 School Districts.”

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19, and an estimate for Fiscal Year 2019-20.

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
SUMMARY OF ADA AND LCFF**

Fiscal Year	Funded ADA	LCFF	Per ADA Funding ⁽³⁾
2014-15 ⁽¹⁾	10,848.66	\$7,035.72	NA
2015-16 ⁽¹⁾	10,795.88	7,814.70	NA
2016-17 ⁽¹⁾	10,708.31	8,205.41	NA
2017-18 ⁽¹⁾	10,481.07	8,599.66	8,919.53
2018-19 ⁽¹⁾	10,302.19	8,732.69	9,516.43
2019-20 ⁽²⁾	10,095.00	9,434.83	9,941.06

⁽¹⁾ Source: California Department of Education.

⁽²⁾ Source: District’s Fiscal Year 2019-20 Adopted Budget

⁽³⁾ As stated above, in Fiscal Year 2017-18, the District became a Basic Aid District. ADA funding is calculated as local property taxes plus minimum State Aid divided by Funded ADA.

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUE**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2014-15	\$42,675,355,728	\$742,365	\$1,015,391,498	\$43,691,489,591
2015-16	45,872,429,243	--	1,004,302,267	46,876,731,510
2016-17	48,908,126,347	--	1,002,069,877	49,910,196,224
2017-18	51,184,249,150	--	1,038,846,486	52,223,095,636
2018-19	55,406,782,360	--	1,111,460,426	56,518,242,786

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	5,351,837
2015-16	6,814,032
2016-17	8,529,324
2017-18	9,697,850
2018-19 ⁽¹⁾	\$11,097,022

⁽¹⁾ Projected.

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	3,032,060
2015-16	3,288,625
2016-17	4,082,071
2017-18	4,789,203
2018-19 ⁽¹⁾	\$5,865,854

⁽¹⁾ Projected.

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$42,740,577	\$37,210,407	\$2,445,115
Medicare Premium Payment Program ⁽²⁾	<u>856,005</u>	<u>855,922</u>	<u>59,238</u>
TOTAL	\$43,596,582	\$38,066,329	\$2,504,353

⁽¹⁾ Based on a measurement date of June 30, 2018.

⁽²⁾ Based on a measurement date of June 30, 2017.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

Name or Type of Fund	Balance as of June 30, 2018	Projected Balance as of June 30, 2019	Projected Balance as of June 30, 2020
Deferred Maintenance Fund	\$ 675,981	\$ 568,933	\$ 568,933
Capital Facilities Fund	3,864,847	2,332,132	2,382,132
Special Reserve Fund For Cap Outlay	<u>15,585,956</u>	<u>16,539,688</u>	<u>16,121,187</u>
Total	\$20,126,784	\$19,440,753	\$19,072,252

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND <u>2015-16 AUDITED</u>	GENERAL FUND <u>2016-17 AUDITED</u>	GENERAL FUND <u>2017-18 AUDITED</u>
BEGINNING FUND BALANCE	\$ 35,474,469	\$ 37,807,421	\$ 31,220,583
Total Revenues	147,277,469	151,639,294	170,121,772
Total Beginning Fund Balance and Revenues	182,751,938	189,446,715	201,342,355
Total Expenditures	144,360,026	156,674,132	160,944,043
Other Financing Sources (Uses)	(584,491)	(1,552,000)	(1,600,000)
ENDING FUND BALANCE	<u>\$ 37,807,421</u>	<u>\$ 31,220,583</u>	<u>\$ 38,798,312</u>

Source: District’s Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District’s General Fund budgets for Fiscal Years 2018-19 and 2019-20.

	<u>GENERAL FUND 2018-19 BUDGET</u>	<u>GENERAL FUND 2019-20 BUDGET</u>
BEGINNING FUND BALANCE	\$ 31,208,866	\$ 22,661,945
Total Revenues	162,633,791	159,558,524
Total Beginning Fund Balance and Revenues	193,842,657	182,220,469
Total Expenditures	160,296,842	163,201,969
Other Financing Sources (Uses)	(3,300,000)	(2,850,000)
ENDING FUND BALANCE	<u>\$ 30,245,815</u>	<u>\$ 16,168,500</u>

⁽¹⁾ District’s Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District’s General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
GENERAL FUND BALANCE SHEET
FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
Total Assets	\$ 65,084,682	\$ 53,566,900	\$ 57,525,906
Total Liabilities	27,277,261	22,346,317	18,727,594
Fund Balance			
Nonspendable	152,234	143,465	190,362
Restricted	5,197,572	4,302,661	3,884,682
Committed	0	0	0
Assigned	28,109,279	22,027,784	27,258,775
Unassigned	4,348,336	4,746,784	7,464,493
Total Fund Balance	37,807,421	31,220,583	38,798,312
Total Liabilities and Fund Balance	<u>\$ 65,084,682</u>	<u>\$ 53,566,900</u>	<u>\$ 57,525,906</u>

Source: District’s Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT SECURED TAX CHARGES AND DELINQUENCIES

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$65,587,651.35	\$ 969,493.51	1.48%
2014-15	69,111,984.70	998,384.20	1.44
2015-16	74,445,843.62	1,059,420.03	1.42
2016-17	79,171,920.72	943,633.44	1.19
2017-18	83,392,465.01	1,039,499.44	1.25

	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$30,179,601.06	\$ 431,276.76	1.43%
2014-15	32,807,894.14	487,748.15	1.49
2015-16	33,733,114.59	1,693,561.77	5.02
2016-17	33,866,420.79	496,949.68	1.47
2017-18	38,423,629.51	438,892.63	1.14

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.

⁽²⁾ Debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	CA Colorado Center LLC	Office Building	\$ 532,415,211	0.96%
2.	Water Garden Realty Holding LLC	Office Building	516,451,217	0.93
3.	Lantana Media Campus LLC	Office Building	411,060,000	0.74
4.	Office Block Investment LLC	Office Building	374,952,000	0.68
5.	SC Enterprises SMBP LLC	Commercial	<u>357,959,427</u>	<u>0.65</u>
			\$2,192,837,855	3.96%

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$55,406,782,360.

Source: California Municipal Statistics, Inc.

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
CASH FLOWS**

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Santa Monica-Malibu Unified School District**

	FY 2017-18 Cash Flows													Accruals & Adjustments	Total
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	777,694	777,694	1,935,265	1,399,849	1,399,849	1,935,264	1,399,849	6,242	506,949	6,242	(1,000,260)	1,385,764	-	10,530,401	
Property Taxes	1,046,437	2,655,593	-	-	752,772	25,843,734	11,002,520	7,015,271	208,264	14,524,448	13,359,523	7,065,488	8,629,885	92,103,935	
Miscellaneous Funds	-	-	-	-	7,197,544	(250,000)	2,419,132	-	-	(4,081,007)	-	3,065,144	(8,637,793)	(286,981)	
Federal Revenue	-	33,635	327,923	(247,690)	95,156	374,744	317,386	(127,160)	333,956	51,191	306,737	2,619,674	292,988	4,378,540	
Other State Revenue	-	475,273	564,097	(438,446)	432,022	1,083,961	-	250	532,836	514,264	545,555	1,727,351	4,302,100	9,739,263	
Other Local Revenue	1,453,014	990,140	4,278,654	1,287,414	6,461,372	6,281,568	2,662,504	3,910,537	6,109,555	4,105,248	9,208,691	3,789,049	2,499,847	53,037,594	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	3,277,145	4,932,336	7,105,939	2,001,126	16,338,715	35,269,271	17,801,391	10,805,140	7,691,559	15,120,386	22,420,247	19,652,469	7,087,027	169,502,752	
EXPENDITURES															
Certificated Salaries	15,638	1,102,196	5,607,449	5,830,484	5,933,016	5,887,355	5,786,351	5,776,960	5,912,686	5,862,525	5,736,811	12,266,953	(2,900)	65,715,526	
Classified Salaries	14,113	1,392,299	1,984,721	2,741,611	2,710,633	2,672,108	2,621,152	2,673,530	2,669,125	3,560,525	2,749,767	5,074,411	-	30,863,996	
Employee Benefits	62,356	629,469	1,825,688	3,426,387	3,391,503	3,396,765	3,381,514	3,401,015	3,424,363	3,607,132	3,377,692	6,695,892	5,836,819	42,456,597	
Books and Supplies	41,818	584,844	311,551	390,154	238,942	256,431	136,146	256,638	257,467	228,159	277,356	510,328	49,880	3,539,712	
Services	494,533	637,495	2,303,778	1,389,709	1,152,208	1,215,860	1,329,117	1,245,269	1,384,267	1,242,255	1,267,094	2,715,886	54,352	16,431,823	
Capital Outlay	(568)	118,840	173,214	115,909	48,808	566,148	110,318	66,709	7,159	40,581	47,142	465,174	-	1,759,433	
Other Outgo	-	24,528	-	-	-	-	(47,048)	28,798	-	(64,188)	38,214	(35,411)	(386,957)	(442,064)	
Interfund Transfers Out	-	-	-	-	-	1,600,000	-	-	-	-	-	-	-	1,600,000	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	627,890	4,489,671	12,206,401	13,894,255	13,475,109	15,594,666	13,317,550	13,448,919	13,655,068	14,476,989	13,494,076	27,693,234	5,551,194	161,925,023	
REVENUES MINUS EXPENDITURES	2,649,255	442,665	(5,100,462)	(11,893,129)	2,863,605	19,674,605	4,483,841	(2,643,779)	(5,963,509)	643,397	8,926,171	(8,040,765)	1,535,833	7,577,730	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	5,685,477	915,732	(2,099,151)	1,018,542	274,486	18,635	(59,635)	72,088	119,394	(22,824)	485,678	(3,102,346)	(2,794,590)	511,487	
Total Current Liabilities	(13,453,517)	(3,534,034)	(2,070,254)	2,033,570	186,341	(81,611)	716,470	(1,699,096)	(2,127,039)	(278,509)	1,203,180	13,854,341	1,631,435	(3,618,722)	
TOTAL BALANCE SHEET TRANS.	(7,768,040)	(2,618,302)	(4,169,405)	3,052,112	460,828	(62,976)	656,834	(1,627,007)	(2,007,645)	(301,333)	1,688,858	10,751,995	(1,163,155)	(3,107,235)	
BEG. CASH BALANCE, BEFORE TRAN	43,179,566	38,060,781	35,885,144	26,615,277	17,774,261	21,098,694	40,710,323	45,850,998	41,580,212	33,609,058	33,951,123	44,566,151	47,277,382		
NET CHANGE IN CASH	(5,118,784)	(2,175,637)	(9,269,867)	(8,841,017)	3,324,433	19,611,629	5,140,676	(4,270,786)	(7,971,154)	342,064	10,615,029	2,711,230	372,679	4,470,495	
END. CASH BALANCE, BEFORE TRAN	38,060,781	35,885,144	26,615,277	17,774,261	21,098,694	40,710,323	45,850,998	41,580,212	33,609,058	33,951,123	44,566,151	47,277,382	47,650,060		
TRAN BORROWING															
TRAN Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TRAN Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BEG. CASH BALANCE, AFTER TRAN	43,179,566	38,060,781	35,885,144	26,615,277	17,774,261	21,098,694	40,710,323	45,850,998	41,580,212	33,609,058	33,951,123	44,566,151	47,277,382		
NET CHANGE IN CASH	(5,118,784)	(2,175,637)	(9,269,867)	(8,841,017)	3,324,433	19,611,629	5,140,676	(4,270,786)	(7,971,154)	342,064	10,615,029	2,711,230	372,679	4,470,495	
END. CASH BALANCE, AFTER TRAN	38,060,781	35,885,144	26,615,277	17,774,261	21,098,694	40,710,323	45,850,998	41,580,212	33,609,058	33,951,123	44,566,151	47,277,382	47,650,060		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Santa Monica-Malibu Unified School District**

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total	
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	604,949	604,949	1,612,962	1,088,908	1,088,908	1,612,961	1,088,908	386,281	881,205	386,281	386,281	843,364	-	10,585,957	
Property Taxes	1,571,111	2,685,850	(7,507)	-	862,919	18,587,638	12,085,834	12,780,008	76,423	19,659,169	7,728,197	6,213,631	-	82,243,272	
Miscellaneous Funds	-	-	-	-	-	-	1,435,320	-	7,908	2,991	-	1,833,859	(30,000)	3,250,078	
Federal Revenue	137,310	68,561	176,615	328,101	41,201	(214,161)	-	39,474	546,282	154,431	24,177	145,446	3,345,016	4,792,453	
Other State Revenue	-	534,719	543,190	(477,085)	-	642,544	1,558,758	26,576	771,642	21,191	(21,191)	947,530	1,175,873	5,723,747	
Other Local Revenue	506,147	5,187,707	586,538	3,481,352	2,185,558	12,064,791	4,142,259	3,553,052	2,345,462	9,843,750	3,612,814	2,303,469	2,652,268	52,465,167	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	418	-	-	-	418	
TOTAL REVENUES	2,819,517	9,081,786	2,911,798	4,421,276	4,178,586	32,693,773	20,311,078	16,785,391	4,628,923	30,068,232	11,730,278	12,287,299	7,143,157	159,061,092	
EXPENDITURES															
Certificated Salaries	-	1,144,716	5,613,857	5,724,920	5,915,484	5,924,546	5,867,054	5,852,066	5,878,794	5,897,675	5,828,778	5,950,000	7,200,276	66,798,165	
Classified Salaries	(4,322)	1,397,875	2,015,890	2,679,331	2,811,348	2,732,723	2,700,004	2,756,013	2,766,035	2,787,685	2,716,020	2,800,000	2,681,866	30,840,468	
Employee Benefits	50,182	705,712	1,955,779	3,643,970	3,711,107	3,699,471	3,676,444	3,697,932	3,703,722	3,697,322	3,677,071	3,700,000	3,974,892	39,893,602	
Books and Supplies	14,670	236,420	502,926	304,085	343,527	221,937	191,492	338,791	241,072	374,949	1,379,603	1,500,000	2,085,325	7,734,798	
Services	544,037	568,169	2,239,628	1,347,880	1,353,132	1,240,131	1,807,228	1,301,272	1,655,973	1,564,909	1,648,233	1,500,000	1,817,117	18,587,708	
Capital Outlay	2,795	6,525	31,175	-	144,698	-	(2,795)	11,242	3,728	72,772	12,051	12,000	191,232	485,422	
Other Outgo	-	-	-	-	(23,496)	(15,290)	28,798	(50,514)	-	-	-	(432,856)	-	(493,358)	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	2,400,000	-	-	2,400,000	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	607,362	4,059,416	12,359,255	13,700,185	14,255,800	13,803,518	14,268,225	13,906,802	14,249,323	14,395,311	17,661,757	15,029,144	17,950,707	166,246,805	
REVENUES MINUS EXPENDITURES	2,212,156	5,022,369	(9,447,457)	(9,278,909)	(10,077,214)	18,890,255	6,042,853	2,878,588	(9,620,400)	15,672,921	(5,931,479)	(2,741,845)	(10,807,550)	(7,185,713)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	4,558,965	39,275	(1,711,904)	534,585	26,483	213,347	2,156,024	(59,968)	51,293	56,926	(54,785)	51,375	(7,143,157)	(1,281,539)	
Total Current Liabilities	(13,429,210)	(5,477,050)	422,101	22,542	405,102	657,348	(307,740)	(8,263,608)	(290,884)	1,333,306	248,800	(239,808)	17,950,707	(6,968,396)	
TOTAL BALANCE SHEET TRANS.	(8,870,245)	(5,437,776)	(1,289,802)	557,127	431,585	870,695	1,848,284	(8,323,576)	(239,591)	1,390,232	194,014	(188,433)	10,807,550	(8,249,935)	
BEG. CASH BALANCE, BEFORE TRAN	47,650,060	40,991,970	40,576,564	29,839,304	21,117,522	11,471,894	31,232,844	39,123,981	33,678,993	23,819,002	40,882,155	35,144,690	32,214,413		
NET CHANGE IN CASH	(6,658,090)	(415,406)	(10,737,260)	(8,721,782)	(9,645,629)	19,760,950	7,891,137	(5,444,988)	(9,859,991)	17,063,153	(5,737,465)	(2,930,278)	-	(15,435,647)	
END. CASH BALANCE, BEFORE TRAN	40,991,970	40,576,564	29,839,304	21,117,522	11,471,894	31,232,844	39,123,981	33,678,993	23,819,002	40,882,155	35,144,690	32,214,413	32,214,413		
TRAN BORROWING															
TRAN Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TRAN Disbursements	-	-	-	-	-	-	(0)	-	-	-	(0)	-	-	(0)	
BEG. CASH BALANCE, AFTER TRAN	47,650,060	40,991,970	40,576,564	29,839,304	21,117,522	11,471,894	31,232,844	39,123,981	33,678,993	23,819,002	40,882,155	35,144,690	32,214,412		
NET CHANGE IN CASH	(6,658,090)	(415,406)	(10,737,260)	(8,721,782)	(9,645,629)	19,760,950	7,891,137	(5,444,988)	(9,859,991)	17,063,153	(5,737,465)	(2,930,278)	-	(15,435,648)	
END. CASH BALANCE, AFTER TRAN	40,991,970	40,576,564	29,839,304	21,117,522	11,471,894	31,232,844	39,123,981	33,678,993	23,819,002	40,882,155	35,144,690	32,214,412	32,214,412		

**Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
Santa Monica-Malibu Unified School District**

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	604,949	604,949	1,612,962	1,088,908	1,088,908	1,612,961	1,088,908	386,281	881,091	386,281	386,281	843,364	-	10,585,843
Property Taxes	1,100,000	2,265,642	-	-	834,937	28,278,000	13,135,015	5,000,000	24,406	20,000,000	10,151,181	9,000,000	-	89,789,181
Miscellaneous Funds	-	-	-	-	-	-	-	(10,000)	-	-	-	-	(10,000)	(20,000)
Federal Revenue	35,000	30,000	10,000	294,000	50,000	20,000	33,000	260,000	15,000	87,000	10,000	400,000	2,928,786	4,172,786
Other State Revenue	-	300,490	-	5,000	-	643,750	607,833	-	800,500	-	-	-	1,232,975	3,590,548
Other Local Revenue	500,000	5,192,000	357,000	3,351,000	2,073,500	11,070,000	4,103,000	3,436,929	2,334,000	9,654,000	3,753,227	2,461,246	3,154,264	51,440,166
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	2,239,949	8,393,081	1,979,962	4,738,908	4,047,345	41,624,711	18,967,756	9,073,210	4,054,997	30,127,281	14,300,689	12,704,610	7,306,025	159,558,524
EXPENDITURES														
Certificated Salaries	-	1,150,000	5,600,000	5,900,000	5,900,000	5,900,000	6,000,000	5,900,000	5,900,000	5,900,000	6,000,000	6,095,110	6,509,388	66,754,498
Classified Salaries	-	1,400,000	2,000,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	3,045,635	30,745,635
Employee Benefits	60,000	720,000	2,000,000	3,800,000	3,800,000	3,800,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	4,516,766	42,396,766
Books and Supplies	15,000	240,000	700,000	300,000	350,000	200,000	200,000	350,000	240,000	350,000	800,000	800,000	1,968,649	6,513,649
Services	544,000	570,000	2,000,000	1,400,000	1,200,000	1,200,000	1,500,000	1,500,000	1,200,000	1,500,000	1,500,000	1,500,000	1,576,735	17,190,735
Capital Outlay	2,700	6,525	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	10,424	139,649
Other Outgo	-	-	-	-	(25,000)	(15,000)	-	(50,000)	-	-	-	(448,963)	-	(538,963)
Interfund Transfers Out	-	-	-	-	-	-	900,000	-	750,000	-	-	1,200,000	-	2,850,000
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	621,700	4,086,525	12,312,000	14,112,000	13,937,000	13,797,000	15,262,000	14,362,000	14,752,000	14,412,000	14,962,000	15,808,147	17,627,597	166,051,969
REVENUES MINUS EXPENDITURES	1,618,249	4,306,556	(10,332,038)	(9,373,092)	(9,889,655)	27,827,711	3,705,756	(5,288,790)	(10,697,003)	15,715,281	(661,311)	(3,103,537)	(10,321,572)	(6,493,445)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	4,509,108	(35,365)	(1,646,430)	533,850	1,231	325,164	2,182,605	243,130	231,107	-	(21,000)	230,000	(7,306,025)	(752,625)
Total Current Liabilities	(14,880,941)	(4,500,000)	400,000	860,000	400,000	650,000	(305,582)	582,058	(281,739)	1,300,000	240,000	(1,840,000)	17,627,597	251,393
TOTAL BALANCE SHEET TRANS.	(10,371,833)	(4,535,365)	(1,246,430)	1,393,850	401,231	975,164	1,877,023	825,188	(50,632)	1,300,000	219,000	(1,610,000)	10,321,572	(501,232)
BEG. CASH BALANCE, BEFORE TRAN	32,214,413	23,460,829	23,232,020	11,653,552	3,674,310	(5,814,114)	22,988,761	28,571,540	24,107,938	13,360,303	30,375,584	29,933,273	25,219,736	
NET CHANGE IN CASH	(8,753,584)	(228,809)	(11,578,468)	(7,979,242)	(9,488,424)	28,802,875	5,582,779	(4,463,602)	(10,747,635)	17,015,281	(442,311)	(4,713,537)	-	(6,994,677)
END. CASH BALANCE, BEFORE TRAN	23,460,829	23,232,020	11,653,552	3,674,310	(5,814,114)	22,988,761	28,571,540	24,107,938	13,360,303	30,375,584	29,933,273	25,219,736	25,219,736	
TRAN BORROWING														
TRAN Receipts	-	23,505,000	-	-	-	-	-	-	-	-	-	-	-	23,505,000
TRAN Disbursements	-	-	-	-	-	-	(11,752,500)	-	-	-	(11,752,500)	-	-	(23,505,000)
BEG. CASH BALANCE, AFTER TRAN	32,214,413	23,460,829	46,737,020	35,158,552	27,179,310	17,690,886	46,493,761	40,324,040	35,860,438	25,112,803	42,128,084	29,933,273	25,219,736	
NET CHANGE IN CASH	(8,753,584)	23,276,191	(11,578,468)	(7,979,242)	(9,488,424)	28,802,875	(6,169,721)	(4,463,602)	(10,747,635)	17,015,281	(12,194,811)	(4,713,537)	-	(6,994,677)
END. CASH BALANCE, AFTER TRAN	23,460,829	46,737,020	35,158,552	27,179,310	17,690,886	46,493,761	40,324,040	35,860,438	25,112,803	42,128,084	29,933,273	25,219,736	25,219,736	

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT

William S. Hart Union High School District
21380 Centre Pointe Parkway
Santa Clarita, CA 91350
Attn: Chief Financial Officer

General

The William S. Hart Union High School District (the “District”) was first established in 1945, and is comprised of an area of approximately 370 square miles in Los Angeles County. The District operates six junior high schools, seven comprehensive high schools, a continuation school, a middle college high school, an independent study school, a home school support program, an adult school and a Regional Occupational Program.

Organization

The District is governed by a five-member Governing Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions.

Outstanding Obligations

As of June 30, 2018, the District had the following long-term obligations:

Description	Balance
General obligation bonds	\$ 436,325,619
Premium on issuance	20,036,991
Certificates of Participation	6,000,000
Capital Leases	26,836,123
Compensated absences	865,465
Net OPEB obligation	63,681,111
TOTAL LONG-TERM OBLIGATIONS	\$ 553,745,309

Additionally, on October 18, 2018, William S. Hart Joint School Financing Authority issued its \$21,795,000 Lease Revenue Bonds, Series 2018 by private placement to fund certain projects of the District.

Collective Bargaining Agreements

The District’s agreement with its certificated employees expired June 30, 2018. The District and the bargaining units have agreed to continue to work under the terms of the expired agreements until new agreements have been completed. The following was agreed to with classified staff association (CSEA), the certificated staff association (HDTA), the management association (HDMA), and unrepresented staff in November 2018:

- CSEA: One time/off schedule payment of 2% based on July 1, 2017 salary rate. An increase in the benefits cap to \$14,500 for all CSEA members effective July 1, 2018. This is equivalent to a one percent increase in bargaining unit costs on an ongoing basis.
- HDTA: One percent (1%) increase will be applied to all certificated salary schedules retroactive to June 1, 2017. One time/off schedule payment of 2% based on June 1, 2017 salary rate.
- HDMA: One time/off schedule payment of 1% based on July 1, 2017 salary rate. A one percent (1%) increase will be applied to all certificated salary schedules retroactive to June 1, 2017.

Cash Flow Assumptions

The District made the following assumptions in its cash flows:

- Fiscal Year 2019-20 ADA is stable compared to Fiscal Year 2018-19.
- The District is primarily using School Services of California’s May Revision Dartboard for its 2019-20 budget assumptions. These include a 3.26% increase to the LCFF base.
- The District has included increases due to the step and column method of teacher pay and in STRS and PERS employer contributions in its expenditure assumptions.

LCFF Funding History and Projection

The following table sets forth funded ADA and LCFF figures for the District for Fiscal Years 2014-15 through 2018-19 and an estimate for Fiscal Year 2019-20.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
SUMMARY OF ADA AND LCFF**

Fiscal Year	Funded ADA	LCFF
2014-15	21,761	7,473.89
2015-16	21,766	8,208.52
2016-17	21,607	8,580.45
2017-18	21,667	8,770.53
2018-19	21,669	9,400.84
2019-20	21,481	9,748.03

Assessed Value

The following table sets forth assessed values for the District for the past five Fiscal Years:

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUE**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2014-15	\$35,502,492,273	\$ 7,701,513	\$1,159,889,415	\$36,670,083,201
2015-16	37,381,038,670	4,764,954	1,147,782,943	38,533,586,567
2016-17	39,194,716,644	5,090,240	1,100,453,770	40,300,260,654
2017-18	40,807,273,935	10,322,510	1,118,708,960	41,936,305,405
2018-19	43,047,248,980	6,715,145	1,163,768,723	44,217,732,848

Source: California Municipal Statistics, Inc.

Retirement Systems

The District participates in STRS for qualified certificated employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to STRS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$ 8,337,804
2015-16	9,984,240
2016-17	12,428,817
2017-18	15,631,260
2018-19 ⁽¹⁾	17,495,015

⁽¹⁾ Estimated

The District also participates in PERS for all full-time and some part-time classified employees. The contribution requirements of the plan members are established by State statute. The following table sets forth the District’s contributions to PERS for Fiscal Years 2014-15 through 2018-19. These amounts are the required contributions for each Fiscal Year.

<u>Fiscal Year</u>	<u>Contribution</u>
2014-15	\$3,842,830
2015-16	3,867,236
2016-17	4,688,547
2017-18	5,511,512
2018-19 ⁽¹⁾	7,044,909

⁽¹⁾ Estimated

Other Post-Employment Benefits

The District pays a portion of the medical costs for eligible retirees through a retiree benefit plan (“OPEB Plan”), which is a defined benefit plan for OPEB. For a general discussion of the calculation of the OPEB liabilities, see “PARTICIPANT FINANCES-- Financial Statements and Accounting Practices-- GASB Statement 75.” For the fiscal year ended June 30, 2018, the District reported total and net OPEB liabilities and OPEB contributions for its OPEB Plan as set forth in the following table:

<u>OPEB Plan</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>District Contribution</u>
District Plan ⁽¹⁾	\$62,216,929	\$62,216,929	\$2,076,882
Medicare Premium Payment Program ⁽²⁾	<u>1,464,182</u>	<u>1,464,182</u>	<u>0</u>
TOTAL	\$63,681,111	\$63,681,111	\$2,076,882

⁽¹⁾ Based on a measurement date of June 30, 2017.

⁽²⁾ Based on a measurement date of June 30, 2016.

Source: District’s Audited Financial Statements for Fiscal Year 2017-18.

Sources of Alternate Liquidity

The District has moneys in certain accounts which are designated for certain uses but which can be used on a temporary basis for its other obligations, including its Note.

Name or Type of Fund	Balance as of June 30, 2018	Projected Balance as of June 30, 2019	Projected Balance as of June 30, 2020
Special Reserve Fund	\$18,140,853	\$20,186,600	\$16,064,113
Adult Education Fund	26,470	35,000	40,000
Self-Insurance Fund	<u>963,139</u>	<u>1,009,000</u>	<u>1,049,000</u>
Total	\$19,130,462	\$21,230,600	\$17,153,113

Prospective purchasers of the Certificates should be aware that such funds have restricted uses but can be used as alternative sources of liquidity for the payment of District obligations; no representation is made by the District that such funds would in fact be made available for the payment of its Note in the absence of other revenues.

Financial Reports

The General Fund is the major fund classification of the District. The following table is a summary of the District’s General Fund during Fiscal Years 2015-16, 2016-17 and 2017-18.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCES FOR FISCAL YEARS ENDING
JUNE 30, 2016, 2017 AND 2018**

	GENERAL FUND 2015-16 AUDITED	GENERAL FUND 2016-17 AUDITED	GENERAL FUND 2017-18 AUDITED
BEGINNING FUND BALANCE	\$ 38,650,084	\$ 48,819,204	\$ 50,501,347
Total Revenues	231,663,888	232,665,835	233,387,268
Total Beginning Fund Balance and Revenues	270,313,972	281,485,039	283,888,615
Total Expenditures	216,747,573	228,931,554	230,575,937
Other Financing Sources (Uses)	<u>(4,747,195)</u>	<u>(2,052,138)</u>	<u>(3,087,199)</u>
ENDING FUND BALANCE	<u>\$ 48,819,204</u>	<u>\$ 50,501,347</u>	<u>\$ 50,225,479</u>

Source: District’s Audited Financial Statements.

District General Fund Budgets

The following table is a summary of the District's General Fund budgets for Fiscal Years 2018-19 and 2019-20.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT SUMMARY OF 2018-19 BUDGET AND 2019-20 BUDGET⁽¹⁾ FOR DISTRICT GENERAL FUND

	<u>GENERAL FUND 2018-19 BUDGET</u>	<u>GENERAL FUND 2019-20 BUDGET</u>
BEGINNING FUND BALANCE	\$ 32,812,752	\$ 31,579,373
Total Revenues	243,629,460	247,850,665
Total Beginning Fund Balance and Revenues	276,442,212	279,430,038
Total Expenditures	239,512,616	261,989,674
Other Financing Sources (Uses)	(7,906,894)	2,797,341
ENDING FUND BALANCE	<u>\$ 29,022,702</u>	<u>\$ 20,237,705</u>

⁽¹⁾ District's Fiscal Year 2018-19 and 2019-20 Adopted Budgets.

District General Fund Balance Sheets

The following table is a summary of the District's General Fund Balance Sheets for Fiscal Years 2015-16, 2016-17 and 2017-18.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT GENERAL FUND BALANCE SHEET FOR FISCAL YEARS ENDING JUNE 30, 2016, 2017 AND 2018

	<u>GENERAL FUND 2015-16 AUDITED</u>	<u>GENERAL FUND 2016-17 AUDITED</u>	<u>GENERAL FUND 2017-18 AUDITED</u>
Total Assets	\$ 63,899,621	\$ 68,535,617	\$ 70,667,345
Total Liabilities	15,080,417	18,034,270	20,441,866
Fund Balance			
Nonspendable	197,387	241,113	204,073
Restricted	4,529,658	2,421,229	2,780,383
Committed	0	0	0
Assigned	37,272,273	15,329,017	18,140,853
Unassigned	6,819,886	32,509,988	29,100,170
Total Fund Balance	<u>48,819,204</u>	<u>50,501,347</u>	<u>50,225,479</u>
Total Liabilities and Fund Balance	<u>\$ 63,899,621</u>	<u>\$ 68,535,617</u>	<u>\$ 70,667,345</u>

Source: District's Audited Financial Statements.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies for the District for Fiscal Years 2013-14 through 2017-18.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT SECURED TAX CHARGES AND DELINQUENCIES

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$27,354,553.61	\$403,907.28	1.48%
2014-15	29,577,381.52	426,831.04	1.44
2015-16	31,208,922.11	443,592.17	1.42
2016-17	32,575,400.34	387,646.50	1.19
2017-18	34,157,060.05	424,992.92	1.24

	<u>Secured Tax Charge⁽²⁾</u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$17,226,984.52	\$241,830.91	1.40%
2014-15	18,059,140.50	205,683.38	1.14
2015-16	18,152,352.06	183,468.00	1.01
2016-17	20,243,177.08	173,794.91	0.86
2017-18	20,508,461.11	153,786.12	0.75

⁽¹⁾ 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects Countywide delinquency rate.

⁽²⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Largest Fiscal Year 2018-19 Local Secured Taxpayers

The following table sets forth the largest local secured taxpayers in the District in Fiscal Year 2018-19.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
LARGEST FISCAL YEAR 2018-19 LOCAL SECURED TAXPAYERS**

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total ⁽¹⁾
1.	Valencia Town Center Venture LP	Shopping Center	\$ 386,344,028	0.90%
2.	Newhall Land and Farming Co. LP	Land Holdings	229,923,100	0.53
3.	Wesco IV LLC	Apartments	197,443,188	0.46
4.	Magic Mountain LLC	Theme Park	166,473,337	0.39
5.	Valencia Marketplace I & II LLC	Shopping Center	159,225,244	0.37
6.	Park Sierra Properties	Apartments	142,644,008	0.33
7.	PFI Valencia LLC, Lessor	Office Building	135,252,009	0.31
8.	GSG Residential Mountain Terrace	Apartments	134,670,784	0.31
9.	Saugus Colony Limited	Apartments	120,790,737	0.28
10.	IVT River Oaks Valencia LLC	Shopping Center	115,000,000	0.27
11.	Pardee Construction Co. Corp.	Residential Development	113,520,287	0.26
12.	EQR Valencia LLC	Apartments	107,181,874	0.25
13.	EQR The Oaks LLC	Apartments	104,916,914	0.24
14.	Valencia Biomedical Park LLC	Industrial	104,345,453	0.24
15.	ARC SLSTCCA001 LLC	Industrial	101,401,543	0.24
16.	Aerospace Dynamics International	Industrial	98,146,575	0.23
17.	Berry Petroleum Company LLC	Oil & Gas	92,679,291	0.22
18.	Rreef America REIT II Corp. DD	Apartments	85,462,797	0.20
19.	NP Parc Chateaux Inc.	Apartments	77,978,690	0.18
20.	IVT Stevenson Ranch Plaza LLC	Commercial	75,428,988	0.18
			<u>\$2,748,828,847</u>	<u>6.39%</u>

⁽¹⁾ 2018-19 Local Secured Assessed Valuation: \$43,047,248,980.

Source: California Municipal Statistics, Inc.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT
CASH FLOWS**

Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
William S. Hart Union High School District

	FY 2017-18 Cash Flows												Accruals & Adjustments	Total	
	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
REVENUES															
LCFF/Revenue Limit Sources															
Principal Apportionment	6,151,705	9,020,157	18,882,492	11,073,069	11,073,069	18,882,492	11,073,069	11,086,992	19,561,262	11,086,992	11,086,992	10,791,380	(2,500,018)	147,269,653	
Property Taxes	810,272	1,420,993	-	-	591,281	14,093,317	3,600,313	3,981,513	134,666	7,969,115	10,110,995	7,375,464	124,919	50,212,849	
Miscellaneous Funds	11,688	(1,436,681)	(944,486)	(629,658)	(512,172)	(629,658)	(601,324)	(917,740)	(1,620,657)	(358,239)	(284,936)	(264,287)	(614,752)	(8,802,901)	
Federal Revenue	497,825	(1,211,796)	100,384	170,460	221,998	82,031	731,212	28,250	235,337	48,123	442,908	4,816,285	1,531,031	7,694,048	
Other State Revenue	335,651	903,126	1,161,078	2,046,045	1,522,447	2,615,727	-	-	1,114,428	1,069,413	1,278,742	4,082,875	2,614,663	18,744,195	
Other Local Revenue	1,136,744	(1,283,359)	1,625,786	1,577,769	1,794,181	1,242,961	1,252,852	2,690,707	1,489,991	1,802,977	1,927,835	2,482,737	634,063	18,375,245	
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	591,692	591,692	
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES	8,943,887	7,412,439	20,825,254	14,237,686	14,690,804	36,286,870	16,056,123	16,869,722	20,915,027	21,618,382	24,562,537	29,284,454	2,381,599	234,084,782	
EXPENDITURES															
Certificated Salaries	6,534,829	8,342,359	8,437,589	8,458,679	8,435,429	9,175,096	8,343,923	8,344,717	8,554,748	8,634,074	8,853,531	10,092,861	2,641	102,210,475	
Classified Salaries	328,113	2,408,836	3,397,169	3,062,927	3,358,495	3,451,989	2,811,609	3,399,108	3,240,243	2,987,723	3,303,469	4,982,086	9,646	36,741,414	
Employee Benefits	1,588,269	2,280,990	4,111,310	4,761,947	4,737,366	4,851,014	4,573,477	4,697,809	4,684,502	4,657,465	4,776,477	5,359,785	1,878,970	52,959,381	
Books and Supplies	123,482	1,120,229	488,448	630,031	645,744	425,698	3,459,569	348,427	565,371	1,125,917	1,024,366	3,281,336	(18,285)	13,220,334	
Services	2,040,289	863,178	1,981,092	1,420,717	2,171,240	887,727	1,332,498	1,922,489	1,752,797	1,366,760	1,889,928	4,771,764	344,681	22,745,161	
Capital Outlay	-	176,753	53,728	259,150	170,723	96,894	32,315	82,496	58,623	65,108	341,277	339,855	-	1,676,924	
Other Outgo	475,061	(39,162)	137,348	-	58,227	-	307,787	-	-	65,022	85,219	-	(67,254)	1,022,249	
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	6,596,546	6,596,546	
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	11,090,042	15,153,183	18,606,683	18,593,452	19,577,225	18,888,418	20,861,179	18,795,046	18,856,284	18,902,070	20,274,268	28,827,688	8,746,947	237,172,484	
REVENUES MINUS EXPENDITURES	(2,146,155)	(7,740,744)	2,218,570	(4,355,766)	(4,886,422)	17,398,453	(4,805,056)	(1,925,324)	2,058,743	2,716,312	4,288,269	456,766	(6,365,348)	(3,087,702)	
BALANCE SHEET TRANSACTIONS															
Total Current Assets	4,006,986	7,208,190	(267,208)	(156,531)	(348,444)	(2,054)	143,495	(189,619)	86,341	(112,474)	48,588	(2,250,880)	(6,370,999)	1,795,391	
Total Current Liabilities	(9,089,556)	(5,980,794)	(939,978)	292,068	710,957	(321,604)	522,156	(422,278)	219,444	267,310	528,243	9,306,340	4,272,779	(634,913)	
TOTAL BALANCE SHEET TRANS.	(5,082,570)	1,227,396	(1,207,186)	135,537	362,513	(323,658)	665,651	(611,897)	305,785	154,836	576,831	7,055,459	(2,098,220)	1,160,478	
BEG. CASH BALANCE, BEFORE TRAN	41,952,611	34,723,886	28,210,539	29,221,923	25,001,694	20,477,786	37,552,581	33,413,175	30,875,954	33,240,482	36,111,630	40,976,730	48,488,955		
NET CHANGE IN CASH	(7,228,725)	(6,513,348)	1,011,385	(4,220,229)	(4,523,908)	17,074,795	(4,139,405)	(2,537,221)	2,364,528	2,871,148	4,865,100	7,512,226	(8,463,568)	(1,927,224)	
END. CASH BALANCE, BEFORE TRAN	34,723,886	28,210,539	29,221,923	25,001,694	20,477,786	37,552,581	33,413,175	30,875,954	33,240,482	36,111,630	40,976,730	48,488,955	40,025,387		
TRAN BORROWING															
TRAN Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TRAN Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BEG. CASH BALANCE, AFTER TRAN	41,952,611	34,723,886	28,210,539	29,221,923	25,001,694	20,477,786	37,552,581	33,413,175	30,875,954	33,240,482	36,111,630	40,976,730	48,488,955		
NET CHANGE IN CASH	(7,228,725)	(6,513,348)	1,011,385	(4,220,229)	(4,523,908)	17,074,795	(4,139,405)	(2,537,221)	2,364,528	2,871,148	4,865,100	7,512,226	(8,463,568)	(1,927,224)	
END. CASH BALANCE, AFTER TRAN	34,723,886	28,210,539	29,221,923	25,001,694	20,477,786	37,552,581	33,413,175	30,875,954	33,240,482	36,111,630	40,976,730	48,488,955	40,025,387		

Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
William S. Hart Union High School District

	FY 2018-19 Cash Flows												Accruals & Adjustments	Total
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	6,205,925	6,205,925	20,376,881	11,170,665	13,646,836	20,376,882	11,170,665	11,678,362	21,309,471	11,678,362	11,678,362	15,136,963	(286,115)	160,349,184
Property Taxes	1,073,785	1,326,389	53,865	-	648,232	14,882,610	3,772,592	1,917,731	253,354	10,489,322	8,700,546	6,693,401	-	49,811,826
Miscellaneous Funds	-	-	(2,442,147)	(1,238,741)	(302,276)	(700,746)	(662,852)	(700,746)	600,805	(98,245)	(98,245)	(854,816)	147,224	(6,350,785)
Federal Revenue	154,957	103,635	294,795	472,604	49,602	568,283	1,061,303	150,370	-	955,687	-	3,067,748	1,256,120	8,135,104
Other State Revenue	-	-	1,109,254	9,330	(187,711)	3,125,787	3,287,640	69,513	1,632,296	172,643	22,657	2,130,538	9,312,886	20,684,832
Other Local Revenue	(1,639)	(23,561)	972,555	2,046,347	2,235,146	2,216,648	1,362,616	761,175	2,471,750	1,760,551	1,655,180	2,625,743	(739,427)	17,343,085
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	1,127,587	1,127,587
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	7,433,028	7,612,387	20,365,203	12,460,205	16,089,829	40,469,465	19,991,964	13,876,405	26,267,676	24,958,320	21,958,500	28,799,577	10,818,275	251,100,834
EXPENDITURES														
Certificated Salaries	6,646,997	8,518,932	8,498,996	8,708,707	8,667,706	12,392,611	8,708,548	8,641,495	8,810,708	8,761,028	9,089,628	10,008,034	-	107,453,391
Classified Salaries	337,771	2,201,250	3,359,405	3,868,915	3,512,998	3,464,675	3,006,845	3,729,826	3,389,708	3,138,688	3,462,476	4,831,336	-	38,303,892
Employee Benefits	1,783,358	2,435,962	4,526,266	5,242,362	5,361,349	5,767,743	5,075,484	5,250,327	5,190,224	5,126,816	5,301,609	8,058,900	1,567,260	60,687,659
Books and Supplies	164,472	476,263	664,371	703,924	358,512	354,975	4,041,691	271,639	385,831	483,318	1,635,831	2,332,784	(14,789)	11,858,820
Services	2,517,066	1,095,759	1,421,987	2,413,954	2,010,354	1,816,033	1,853,122	1,726,852	2,161,166	1,597,713	2,037,182	4,231,712	367,459	25,250,359
Capital Outlay	-	171,120	42,521	197,590	89,809	43,377	-	63,968	68,603	64,992	244,547	799,428	-	1,785,956
Other Outgo	263,184	-	25,000	43,992	-	755,433	263,184	90,630	18,745	42,450	62,502	-	21,979	1,587,099
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	4,678,912	4,678,912
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,712,847	14,899,286	18,538,546	21,179,444	20,000,727	24,594,848	22,948,873	19,774,736	20,024,986	19,215,006	21,833,776	30,262,194	6,620,821	251,606,088
REVENUES MINUS EXPENDITURES	(4,279,819)	(7,286,899)	1,826,658	(8,719,239)	(3,910,898)	15,874,617	(2,956,909)	(5,898,332)	6,242,690	5,743,314	124,724	(1,462,617)	4,197,454	(505,255)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	4,470,577	2,366,086	(73,352)	(595,302)	(3,240,755)	307,299	1,074,986	(541,100)	(981,066)	700,135	148,250	(1,170,108)	(10,818,275)	(8,352,626)
Total Current Liabilities	(8,613,485)	(2,095,918)	2,127,344	(1,442,565)	(952,253)	1,594,513	(343,867)	762,540	61,415	1,400,992	(147,669)	1,439,998	6,620,821	411,864
TOTAL BALANCE SHEET TRANS.	(4,142,909)	270,168	2,053,992	(2,037,867)	(4,193,008)	1,901,812	731,118	221,440	(919,651)	2,101,127	580	269,890	(4,197,454)	(7,940,761)
BEG. CASH BALANCE, BEFORE TRAN	40,025,387	31,602,659	24,585,929	28,466,578	17,709,473	9,605,567	27,381,996	25,156,205	19,479,314	24,802,353	32,646,794	32,772,099	31,579,371	
NET CHANGE IN CASH	(8,422,728)	(7,016,731)	3,880,650	(10,757,106)	(8,103,905)	17,776,429	(2,225,791)	(5,676,892)	5,323,039	7,844,441	125,305	(1,192,727)	-	(8,446,016)
END. CASH BALANCE, BEFORE TRAN	31,602,659	24,585,929	28,466,578	17,709,473	9,605,567	27,381,996	25,156,205	19,479,314	24,802,353	32,646,794	32,772,099	31,579,371	31,579,371	
TRAN BORROWING														
TRAN Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TRAN Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BEG. CASH BALANCE, AFTER TRAN	40,025,387	31,602,659	24,585,929	28,466,578	17,709,473	9,605,567	27,381,996	25,156,205	19,479,314	24,802,353	32,646,794	32,772,099	31,579,371	
NET CHANGE IN CASH	(8,422,728)	(7,016,731)	3,880,650	(10,757,106)	(8,103,905)	17,776,429	(2,225,791)	(5,676,892)	5,323,039	7,844,441	125,305	(1,192,727)	-	(8,446,016)
END. CASH BALANCE, AFTER TRAN	31,602,659	24,585,929	28,466,578	17,709,473	9,605,567	27,381,996	25,156,205	19,479,314	24,802,353	32,646,794	32,772,099	31,579,371	31,579,371	

Los Angeles County Schools 2019-20 Pooled Tax and Revenue Anticipation Notes
William S. Hart Union High School District

	FY 2019-20 Cash Flows												Accruals & Adjustments	Total
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20		
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
REVENUES														
LCFF/Revenue Limit Sources														
Principal Apportionment	6,966,721	6,966,721	21,592,097	12,540,098	14,288,908	12,540,098	21,592,099	11,177,488	21,146,998	11,177,488	11,177,488	14,865,505	-	166,031,709
Property Taxes	-	-	-	-	2,733,057	14,219,799	3,737,758	2,242,333	181,101	9,992,083	14,342,850	2,312,757	-	49,761,739
Miscellaneous Funds	-	-	-	(1,651,388)	(152,804)	(508,120)	(491,652)	(508,120)	(1,226,623)	(437,289)	(437,289)	(562,995)	(424,363)	(6,400,643)
Federal Revenue	48,818	459,102	1,272,156	111,813	(1,698,836)	105,167	319,702	1,712,546	2,766,838	3,951,434	134,006	(2,426,206)	1,678,592	8,435,134
Other State Revenue	2,294,089	7,973	569,188	837,087	711,200	1,667,273	1,132,338	929,539	3,127,026	3,702,541	339,063	(3,515,266)	1,913,290	13,715,342
Other Local Revenue	232,567	1,978,051	2,018,747	385,311	(1,250,918)	287,391	3,659,533	112,115	2,640,394	2,476,274	415,799	2,789,517	562,605	16,307,384
Interfund Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	3,582,341	3,582,341
All Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	9,542,195	9,411,846	25,452,188	12,222,922	14,630,607	28,311,608	29,949,778	15,665,901	28,635,735	30,862,530	25,971,918	13,463,313	7,312,465	251,433,006
EXPENDITURES														
Certificated Salaries	6,980,703	8,891,440	8,913,012	8,966,382	8,983,046	9,735,312	9,019,812	8,801,712	9,040,936	9,100,577	9,334,296	10,501,136	-	108,268,364
Classified Salaries	380,204	2,422,952	3,521,859	3,355,619	4,953,139	3,666,395	3,063,878	3,531,177	3,412,838	3,275,283	3,380,716	5,626,269	-	40,590,328
Employee Benefits	1,777,762	4,420,607	5,128,163	5,957,444	4,900,626	6,097,494	7,059,764	5,993,367	4,689,260	5,908,125	6,011,575	6,043,954	1,567,234	65,555,375
Books and Supplies	51,752	1,244,716	2,696,094	613,947	626,752	423,690	518,188	557,216	704,525	344,738	600,479	7,340,365	(43,900)	15,678,562
Services	(75,368)	3,691,392	2,088,606	2,848,284	1,338,459	2,735,682	1,460,321	1,835,695	2,352,804	1,508,272	2,649,205	5,338,960	373,495	28,145,806
Capital Outlay	-	27,117	68,092	1,199	(28,046)	53,847	14,246	11,570	11,500	17,626	8,126	503,159	(4,921)	683,514
Other Outgo	1,476,715	(317,772)	78,457	-	383,994	-	861,092	87,558	(137,819)	-	652,144	-	(16,644)	3,067,725
Interfund Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	785,000	785,000
All Other Financing Uses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	10,591,769	20,380,452	22,494,282	21,742,874	21,157,970	22,712,421	21,997,300	20,818,295	20,074,044	20,154,620	22,636,541	35,353,843	2,660,264	262,774,675
REVENUES MINUS EXPENDITURES	(1,049,575)	(10,968,605)	2,957,906	(9,519,952)	(6,527,364)	5,599,187	7,952,478	(5,152,393)	8,561,690	10,707,911	3,335,377	(21,890,530)	4,652,201	(11,341,669)
BALANCE SHEET TRANSACTIONS														
Total Current Assets	4,475,175	2,163,845	(201,090)	422,159	(3,200,000)	203,246	967,236	(350,857)	66,238	(94,829)	46,486	(1,519,323)	(7,312,465)	(4,334,179)
Total Current Liabilities	(974,531)	(1,628,363)	218,710	(1,493,835)	1,249,271	(42,091)	(145,667)	480,574	471,514	517,105	503,397	2,517,834	2,660,264	4,334,182
TOTAL BALANCE SHEET TRANS.	3,500,644	535,482	17,620	(1,071,676)	(1,950,729)	161,155	821,569	129,717	537,752	422,276	549,883	998,511	(4,652,201)	3
BEG. CASH BALANCE, BEFORE TRAN	31,579,371	34,030,441	23,597,318	26,572,843	15,981,216	7,503,123	13,263,465	22,037,512	17,014,835	26,114,277	37,244,464	41,129,724	20,237,705	
NET CHANGE IN CASH	2,451,069	(10,433,123)	2,975,526	(10,591,628)	(8,478,093)	5,760,342	8,774,047	(5,022,676)	9,099,442	11,130,187	3,885,260	(20,892,019)	-	(11,341,666)
END. CASH BALANCE, BEFORE TRAN	34,030,441	23,597,318	26,572,843	15,981,216	7,503,123	13,263,465	22,037,512	17,014,835	26,114,277	37,244,464	41,129,724	20,237,705	20,237,705	
TRAN BORROWING														
TRAN Receipts	-	5,000,000	-	-	-	-	-	-	-	-	-	-	-	5,000,000
TRAN Disbursements	-	-	-	-	-	-	(2,500,000)	-	-	-	(2,500,000)	-	-	(5,000,000)
BEG. CASH BALANCE, AFTER TRAN	31,579,371	34,030,441	28,597,318	31,572,843	20,981,216	12,503,123	18,263,465	24,537,512	19,514,835	28,614,277	39,744,464	41,129,724	20,237,705	
NET CHANGE IN CASH	2,451,069	(5,433,123)	2,975,526	(10,591,628)	(8,478,093)	5,760,342	6,274,047	(5,022,676)	9,099,442	11,130,187	1,385,260	(20,892,019)	-	(11,341,666)
END. CASH BALANCE, AFTER TRAN	34,030,441	28,597,318	31,572,843	20,981,216	12,503,123	18,263,465	24,537,512	19,514,835	28,614,277	39,744,464	41,129,724	20,237,705	20,237,705	

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APPENDIX B
COVERAGE ANALYSIS

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**Los Angeles County Schools Pooled Financing Program
2019-20 Series A Tax and Revenue Anticipation Notes**

<i>Series A-1</i>														
Participant	Note Amount	2019-20 Projected Total Revenues	Note Amount as % of Proj. Total Revenues	Set-Asides			Projected Ending Cash Balances (1)				Projected Cash Coverage Metrics (4)			
				Note Amount w/ Interest (2)	First Set-Aside	Final Set-Aside w/ Interest (2)	After First Set-Aside	After Final Set-Aside	After Maturity	Alternate Cash Resources (3)	Coverage at First Set-Aside	Coverage at Final Set-Aside	Coverage at Maturity	Coverage at Alt. Cash Resources
Beverly Hills Unified School District	\$ 10,890,000	\$ 73,749,068	14.8%	\$ 11,137,748	\$ 5,445,000	\$ 5,692,748	\$ 17,370,153	\$ 16,486,636	\$ 16,486,636	\$ 9,849,302	4.19x	3.90x	2.48x	3.36x
Manhattan Beach Unified School District	10,200,000	82,017,676	12.4%	10,432,050	5,100,000	5,332,050	9,589,530	9,157,928	9,157,928	3,773,477	2.88x	2.72x	1.88x	2.24x
Redondo Beach Unified School District	11,450,000	101,838,700	11.2%	11,710,488	5,725,000	5,985,488	17,971,322	13,259,433	13,259,433	13,312,500	4.14x	3.22x	2.13x	3.27x
Santa Monica-Malibu Unified School District	23,505,000	159,558,524	14.7%	24,039,739	11,752,500	12,287,239	40,324,040	29,933,273	29,933,273	14,304,189	4.43x	3.44x	2.25x	2.84x
	56,045,000	417,163,968		57,320,024	28,022,500	29,297,524	85,255,045	68,837,270	68,837,270	41,239,467				

<i>Series A-2</i>														
Participant	Note Amount	2019-20 Projected Total Revenues	Note Amount as % of Proj. Total Revenues	Set-Asides			Projected Ending Cash Balances (1)				Projected Cash Coverage Metrics (4)			
				Note Amount w/ Interest (2)	First Set-Aside	Final Set-Aside w/ Interest (2)	After First Set-Aside	After Final Set-Aside	After Maturity	Alternate Cash Resources (3)	Coverage at First Set-Aside	Coverage at Final Set-Aside	Coverage at Maturity	Coverage at Alt. Cash Resources
Burbank Unified School District	\$ 19,890,000	\$ 161,805,213	12.3%	\$ 20,342,498	\$ 9,945,000	\$ 10,397,498	\$ 18,808,748	\$ 4,097,040	\$ 4,097,040	\$ 10,409,578	2.89x	1.39x	1.20x	1.71x
Duarte Unified School District	2,000,000	47,065,596	4.2%	2,045,500	1,000,000	1,045,500	3,166,059	3,888,437	3,888,437	1,402,338	4.17x	4.72x	2.90x	3.59x
Hawthorne School District	4,855,000	100,957,888	4.8%	4,965,451	2,427,500	2,537,951	12,359,243	12,985,441	12,985,441	1,712,144	6.09x	6.12x	3.62x	3.96x
William S. Hart Union High School District	5,000,000	251,433,006	2.0%	5,113,750	2,500,000	2,613,750	24,537,512	41,129,724	41,129,724	12,864,835	10.82x	16.74x	9.04x	11.56x
	31,745,000	561,261,703		32,467,199	15,872,500	16,594,699	58,871,562	62,100,642	62,100,642	26,388,895				

(1) Projected ending cash balances do not reflect original issue premium, coupon payment, nor investment earnings

(2) Interest calculated using 3.00% coupon rate

(3) Maximum legally borrowable amount of alternate cash resources (75% of total) projected at note maturity

(4) Respective set-aside amounts have been added to projected ending cash balances to calculate cash coverage metrics

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Certificates, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

County of Los Angeles
Los Angeles, California 90012

Los Angeles County Office of Education
Downey, California 90242

Ladies and Gentlemen:

We have examined a record of proceedings relating to the execution and delivery of \$ _____ aggregate principal amount of Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates, Series A-1 (the “Series A-1 Certificates”) and \$ _____ aggregate principal amount of Los Angeles County Schools Pooled Financing Program 2019-20 Pooled TRAN Participation Certificates, Series A-2 (the “Series A-2 Certificates” and, together with the Series A-1 Certificates, the “Certificates”).

The Certificates of each Series are being executed and delivered pursuant to separate Trust Agreements (each, a “Trust Agreement” and collectively, the “Trust Agreements”), each dated as of August 1, 2019, by and between the County of Los Angeles (the “County”) and The Bank of New York Mellon Trust Company, N.A., as certificate agent (the “Certificate Agent”). The Certificates evidence and represent proportionate and undivided interests in 2019-20 Tax and Revenue Anticipation Notes (individually, a “Note” and collectively, the “Notes”) issued by certain school districts (collectively, the “Participants,” and with respect to the Series A-1 Certificates, the “Series A-1 Participants” and with respect to the Series A-2 Certificates, the “Series A-2 Participants”) located in the County of Los Angeles (the “County”) participating in such series and the debt service payments on the Notes attributable to the Certificates to be made by the respective Participants. Each Note is issued pursuant to Article 7.6, Sections 53850 et seq., and particularly under authority of Section 53853, of the California Government Code (the “Government Code”), and separate resolutions adopted by the governing board of each Participant (collectively, the “Participant Resolutions”) and a resolution adopted by the Los Angeles County Board of Supervisors (the “Board of Supervisors”) on August 6, 2019.

Pursuant to each of the Trust Agreements, the Certificate Agent has acquired the Notes and has executed and delivered the Certificates. Each Series of Certificates evidences proportionate and undivided interests of the registered owners thereof in the related Series of Notes and the payments of principal of and interest on such Notes by the Participants. The respective Notes are general obligations of the respective Participants, payable as to principal and interest from certain unrestricted revenues pledged by the Participants pursuant to Section 53856 of the Government Code of the State of California (the “Government Code”) and the Participant Note Resolutions, and to the extent not paid from such pledged revenues, the Notes shall be paid with interest thereon from any other moneys of the respective Participants lawfully available therefor, pursuant to Section 53857 of the Government Code. No Participant has any obligation to pay the principal of or interest on the Notes of any other Participant.

In our capacity as Bond Counsel, we have examined certain estimates, expectations and assumptions made by or on behalf of the Participants, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and the Participants, certificates of officials of the Participants and others, including a certificate of each Participant relating to certain federal income tax matters (each, a “Tax Certificate”), and such other documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions expressed below.

We are of the opinion that:

1. Each Note has been duly authorized, executed, issued and delivered by, and constitutes a valid and legally binding obligation of the Participants, and is payable from the first unrestricted revenues of the respective Participant in the amounts and on the dates set forth in the respective Note, and, to the extent not so paid, from taxes, income, revenue, cash receipts and other moneys which are received by the respective Participant during or attributable to Fiscal Year 2019-20 of such Participant and lawfully available for payment of the respective Note. Such obligation, however, is subject to and may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors’ rights or remedies and is subject to general principals of equity (regardless of whether such enforceability is considered in equity or at law).

2. The Trust Agreements have been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the Certificate Agent, each Trust Agreement constitutes a valid and legally binding obligation of the County, enforceable in accordance with its respective terms.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Notes designated as and comprising interest with respect to the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103 the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering this opinion, we have relied on certain representations, certification of fact, and statements of reasonable expectations made by each Participant in connection with the Notes, and we have assumed compliance by each Participant with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes designated as and comprising interest with respect to the Certificates from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes and the execution and delivery of the Certificates in order that, for federal income tax purposes, interest on the Notes designated as and comprising interest with respect to the Certificates is excluded from gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes and the Certificates to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Notes, each Participant will execute a Tax Certificate with respect to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, each Participant will covenant that it will comply with the

provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes and Certificates will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 3, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in each Participant's Tax Certificate with respect to matters affecting the status of interest paid on the Notes, and (ii) compliance by each Participant with the procedures and covenants set forth in its respective Tax Certificate as to such tax matters.

4. Under existing statutes, interest on the Notes designated as and comprising interest with respect to the Certificates is exempt from present State of California personal income taxes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes or the Certificates, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes designated as and comprising interest with respect to the Certificates.

The foregoing opinions are qualified to the extent that the enforceability of the Certificates, the Notes, the Trust Agreements and each Tax Certificate may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law).

Very truly yours,