NEW ISSUE -- FULL BOOK-ENTRY

INSURED RATING: S&P: "AA"
UNDERLYING RATING: "Moody's: "Baa2"
(See "MISCELLANEOUS – Ratings")

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

$30,000,000
INGLEWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series C

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

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

The Inglewood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series C (the "Bonds"), were authorized at an election of the registered voters of the Inglewood Unified School District (the "District") held on November 6, 2012, at which the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of $90,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued by the Board of Supervisors of Los Angeles County (the "County Board") on behalf of the District to (i) finance the acquisition, construction, modernization and equipping of certain District sites and facilities and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. The County Board is empowered and obligated to annually levy such *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof, and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

The Bonds are subject to optional redemption as further described herein.

Maturity Schedule
(See inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriters by Nixon Peabody LLP, San Francisco, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about October 29, 2019.

RBC Capital Markets **Backstrom McCarley Berry & Co., LLC**

Dated: October 8, 2019.

MATURITY SCHEDULE

$30,000,000
INGLEWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series C
Base CUSIP†: 457110

$30,000,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2022	$2,100,000	4.000%	1.270%	LK8
2023	850,000	4.000	1.320	LL6
2024	650,000	4.000	1.350	LM4
2025	650,000	4.000	1.400	LN2
2026	750,000	4.000	1.460	LP7
2027	730,000	4.000	1.530	LQ5
2028	835,000	5.000	1.610(1)	LR3
2029	955,000	5.000	1.680(1)	LS1
2030	1,085,000	5.000	1.780(1)	LT9
2031	1,225,000	5.000	1.860(1)	LU6
2032	1,370,000	5.000	1.910(1)	LV4
2033	1,530,000	5.000	1.970(1)	LW2
2034	1,705,000	5.000	2.030(1)	LX0
2035	1,890,000	4.000	2.350(1)	LY8
2036	2,070,000	4.000	2.400(1)	LZ5
2037	2,260,000	4.000	2.440(1)	MA9
2038	3,405,000	4.000	2.480(1)	MB7
2039	5,940,000	4.000	2.520(1)	MC5

(1) Yield to call at par on August 1, 2027.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ 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 CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein, and no representation is made as to their correctness on the applicable Bonds or as included herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

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

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

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

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

The District maintains a website and certain social media accounts. However, the information presented there is not being incorporated herein by any reference, and should not be relied upon in making an investment decision with respect to the Bonds.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance" and "APPENDIX F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

BOARD OF SUPERVISORS
LOS ANGELES COUNTY

Janice Hahn, *Chair, Fourth District*
Hilda L. Solis, *Supervisor, First District*
Mark Ridley-Thoms, *Supervisor, Second District*
Sheila Kuehl, *Supervisor, Third District*
Katherine Barger, *Supervisor, Fifth District*

LOS ANGELES COUNTY OFFICE OF EDUCATION

Dr. Debra Duardo, M.S.W., *Los Angeles County Superintendent of Schools*

INGLEWOOD UNIFIED SCHOOL DISTRICT

Advisory Board of Education

Dr. D'Artangnon Scorza, *President*
Dr. Dionne Yough Faulk, *Vice President*
Ms. Alice Grigsby, *Member*
Mrs. Margeret Evans, *Member*
Dr. Carliss Richardson-McGhee, *Member*

District Administration

Dr. Thelma Melendez de Santa Ana, *State Administrator* (1)
Dr. Erika Torres, *Interim State Administrator* (1)
Christine Dacanay, *Interim Chief Business Official*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc.
Walnut Creek, California

PAYING AGENT

U.S. Bank National Association, as agent of the
Treasurer and Tax Collector of Los Angeles County
Los Angeles County, California

(1) Dr. Melendez de Santa Ana has announced her intention to retire on October 4, 2019. The process for selecting a new State Administrator has commenced, as further described herein. Dr. Erika Torres will serve as Interim State Administrator until a new State Administrator is selected.

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$30,000,000
INGLEWOOD UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series C

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Inglewood Unified School District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series C (the "Bonds").

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

The District

The Inglewood Unified School District (the "District") was formed in 1953 and encompasses nine square miles in Los Angeles County (the "County"). The District currently serves students in grades Kindergarten through 12, in the City of Inglewood, the community of Ladera Heights and adjacent unincorporated areas of the County. The District currently operates eight elementary schools, one middle school, three K-8 schools, four high schools, two dependent charter K-8 schools, a preschool child development center, and a community adult school. For fiscal year 2019-20, the District's average daily attendance ("ADA") is projected to be 7,743 students and enrollment is projected to be 8,244 students. The District is currently in the midst of a prolonged decline in enrollment, which has been a principal contributing cause of budgetary challenges faced by the District. See "INGLEWOOD UNIFIED SCHOOL DISTRICT – Enrollment" for further discussion. Taxable property within the District has a fiscal year 2019-20 total assessed valuation of $13,426,455,633. See "TAX BASE FOR REPAYMENT OF BONDS" for information regarding the District's tax base.

See "INGLEWOOD UNIFIED SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" for information regarding the District and its finances. The audited financial statements for fiscal year ending June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety. For more information regarding certain findings made by the District's Auditor (as defined herein) in such audited financial statements, see "DISTRICT FINANCIAL INFORMATION – Recent Audit Findings" and "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18 – Findings and Questioned Costs," attached hereto.

Pursuant to California Senate Bill 533 ("SB 533"), effective as of September 14, 2012, the California Superintendent of Public Instruction (the "State Superintendent") intervened in the District's administration, and assumed all legal right, duties and powers of the District's elected Board of Education (the "District Board"). The State Superintendent also appointed a State Administrator (the "State Administrator") to act on behalf of the State Superintendent. Pursuant to Assembly Bill 1840 ("AB 1840"), effective as of September 17, 2018, the Los Angeles County Superintendent of Schools (the "County Superintendent") has assumed all legal rights, duties and powers of the Board, and the State Administrator now reports directly to the County Superintendent. Currently, Dr. Thelma Melendez de

Santa Ana is acting as the State Administrator. Dr. Melendez de Santa Ana has announced her intention to retire on October 4, 2019. The process for selecting her replacement has begun, and such process will need to meet certain procedural requirements set out in AB 1840. Until the selection of a new State Administrator, Dr. Erika Torres will serve as Interim State Administrator. For further information, see "INGLEWOOD UNIFIED SCHOOL DISTRICT – State Intervention" and "—Administration" herein.

SB 533 also appropriated up to $55,000,000 in emergency funds to assist the District in achieving fiscal stability and integrity. Currently, the District has drawn down $29,086,724 of such emergency funds. To provide additional fiscal relief to the District, AB 1840 provides for one-time State funding, without an obligation for repayment, in amounts equal to certain percentages of the District's projected operating deficits for fiscal years 2019-20 through 2021-22. The District's eligibility to receive this funding is contingent on the District meeting certain requirements set out in AB 1840 and in the State budget act for the associated fiscal years. For fiscal year 2019-20, the District is eligible for, and the State budget act for such fiscal year has appropriated, an amount equal to 75% of the District's projected operating deficit. The District's multi-year financial projections also assume the receipt of future disbursements pursuant to AB 1840 in fiscal years 2020-21 and 2021-22. See also "INGLEWOOD UNIFIED SCHOOL DISTRICT – Emergency State Loan; AB 1840 Revenues" herein.

Purpose of the Bonds

The Bonds are being issued by the County Board of Supervisors (the "County Board") on behalf of the District to (i) finance the acquisition, construction, modernization and equipping of certain District sites and facilities and (ii) pay the costs of issuing the Bonds. See also "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to resolutions adopted by the State Administrator on August 7, 2019 and September 11, 2019 (together, the "District Resolution") and the County Board on October 1, 2019 (the "County Resolution," and together with the District Resolution, the "Resolutions"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions.

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

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

Redemption. The Bonds maturing on or after August 1, 2028 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on August 1, 2027, or on any date thereafter, as a whole or in part. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial execution and issuance (the "Date of Delivery"). The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of the County (the "Treasurer") to act as Paying Agent for the Bonds.

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "THE BONDS – Security and Sources of Payment – Considerations Regarding Bond Insurance" and "– Bond Insurance" herein.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through DTC in New York, New York, on or about October 29, 2019.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property in the District. For more complete information regarding the taxation of property within the District, as well as certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

Pursuant to a contractual undertaking entered into in connection with issuance of the Bonds (the "Continuing Disclosure Certificate"), the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriters (as defined herein) in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. The specific nature of the information to be made available and the notices of listed events required to be provided are described in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the District with respect to the Bonds. Bond/Disclosure Counsel and the Municipal Advisor will each receive compensation contingent on the issuance of the Bonds. Certain matters will be passed on for the Underwriters by Nixon Peabody LLP, San Francisco, California. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the Bonds.

Forward Looking Statements

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

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Inglewood Unified School District, 401 South Inglewood Avenue, Inglewood, California 90301, telephone: (310) 419-2705. The District may impose a charge for copying, mailing and handling.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

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

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the California Constitution and pursuant to the Resolutions. The District received authorization at an election held on November 6, 2012 by more than fifty-five percent of the votes cast by eligible voters within the District to issue $90,000,000 aggregate principal amount of general obligation bonds (the "2012 Authorization"). The Bonds are the third issuance pursuant to the 2012 Authorization, and following the issuance thereof none of bonds will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the County Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the District Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County, as Paying Agent, to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

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

Considerations Regarding Bond Insurance. In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such Bonds may have a claim under the Policy (as defined herein) secured in connection with the Bonds. The Policy may not insure against redemption premium, if any, with respect to the Bonds.

In the event that BAM, as provider of the Policy, is unable to make payments of principal of or interest on the Bonds, as such payments become due under the Policy, such Bonds will be payable solely as otherwise described herein. In the event that BAM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of such Bonds or the marketability or liquidity of such Bonds.

As a result of obtaining the Policy, the long-term rating on the Bonds will be dependent in part on the financial strength of BAM and its claim paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds insured by BAM will not be subject to downgrade, and such event could adversely affect the market price of the Bonds, or the marketability or liquidity for such Bonds.

Neither the District or Underwriters have made independent investigations into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds, and the claims paying ability of BAM, particularly over the life of the investment.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien secures all bonds of the District, including the Bonds, issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. However, the statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due that are secured by the statutory lien.

Bond Insurance

Bond Insurance Policy. Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $525 million, $114 million and $411 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

General Provisions

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

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it shall bear interest from its dated date. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds will be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and to pay the costs of issuing the Bonds. The net proceeds from the sale of the Bonds will be paid to the County to the credit of a building fund (the "Building Fund") established by the County Resolution, and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

Any premium received by the County from the sale of the Bonds, as well as *ad valorem* property taxes levied by the County for the payment of the Bonds when collected, shall be kept separate and apart in a debt service fund created by the County Resolution (the "Debt Service Fund") and used only for payment of principal of and interest on the Bonds. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Building Fund and Debt Service Fund will be invested through the Los Angeles County Treasury Pool. See "APPENDIX E - LOS ANGELES COUNTY TREASURY POOL" herein.

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Annual Debt Service

The following table displays the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Period Ending August 1	Annual Principal Payment	Annual Interest Payment[(1)]	Total Debt Service
2020	--	$972,437.78	$972,437.78
2021	--	1,287,050.00	1,287,050.00
2022	$2,100,000.00	1,287,050.00	3,387,050.00
2023	850,000.00	1,203,050.00	2,053,050.00
2024	650,000.00	1,169,050.00	1,819,050.00
2025	650,000.00	1,143,050.00	1,793,050.00
2026	750,000.00	1,117,050.00	1,867,050.00
2027	730,000.00	1,087,050.00	1,817,050.00
2028	835,000.00	1,057,850.00	1,892,850.00
2029	955,000.00	1,016,100.00	1,971,100.00
2030	1,085,000.00	968,350.00	2,053,350.00
2031	1,225,000.00	914,100.00	2,139,100.00
2032	1,370,000.00	852,850.00	2,222,850.00
2033	1,530,000.00	784,350.00	2,314,350.00
2034	1,705,000.00	707,850.00	2,412,850.00
2035	1,890,000.00	622,600.00	2,512,600.00
2036	2,070,000.00	547,000.00	2,617,000.00
2037	2,260,000.00	464,200.00	2,724,200.00
2038	3,405,000.00	373,800.00	3,778,800.00
2039	5,940,000.00	237,600.00	6,177,600.00
Total	$30,000,000.00	$17,812,437.78	$47,812,437.78

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a table of the total annual debt service requirements for all of the District's outstanding general obligation bonded debt.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2027 are not subject to optional redemption. The Bonds maturing on or after August 1, 2028, may be redeemed before maturity at the option of the District on any date on or after August 1, 2027 as a whole, or in part by lot from such maturities as are selected by the District, at a redemption price equal to the principal amount of the Bonds selected for redemption, together with interest accrued thereon to the date of redemption, without premium.

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

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

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 60 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) such Redemption Notice will be given to such persons as may be required by the Continuing Disclosure Certificate.

"Information Services" means the MSRB's Electronic Municipal Market Access, or such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent, or as the Paying Agent may select.

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

Payment of Redeemed Bonds. When Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose as described in "—Defeasance," as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District, so as to be available therefor on such redemption date, and if Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

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

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

Transfer and Exchange of Bonds

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

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

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the outstanding principal amount thereof) upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and

Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolutions. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying

Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Defeasance

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

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

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

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

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest, by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations.

Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), or by Moody's Investors Service ("Moody's").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	$30,000,000.00
Original Issuance Premium	4,303,793.25
Total Sources	$34,303,793.25
Uses of Funds	
Building Fund	$29,820,000.00
Debt Service Fund	3,836,918.62
Cost of Issuance[1]	646,874.63
Total Uses	$34,303,793.25

[1] Reflects all costs of issuance, including but not limited to the underwriting discount, municipal bond insurance policy premium, legal fees, municipal advisor fees, paying agent fees, rating agency fees, printing fees, and other costs of issuance.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

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

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

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation

The following table shows the 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2019-20
Inglewood Unified School District

	Local Secured	Utility	Unsecured	Total
2010-11	$7,728,447,643	$25,394	$191,837,385	$7,920,310,422
2011-12	7,798,780,469	25,394	187,790,884	7,986,596,747
2012-13	7,945,020,392	25,394	177,181,834	8,122,227,620
2013-14	8,276,105,470	25,394	168,715,229	8,444,846,093
2014-15	8,571,384,324	25,394	204,343,100	8,775,752,818
2015-16	9,040,457,608	44,560	153,688,220	9,194,190,388
2016-17	9,367,063,376	44,560	170,834,263	9,537,942,199
2017-18	9,816,871,935	1,000	203,743,126	10,020,616,061
2018-19	10,685,918,810	1,000	256,177,874	10,942,097,684
2019-20	13,170,583,662	1,000	255,870,971	13,426,455,633

Source: California Municipal Statistics, Inc.

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

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

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

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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Assessed Valuation by Jurisdiction. The following table shows a breakdown of the District's fiscal year 2019-20 assessed valuation by jurisdiction.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Inglewood Unified School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Culver City	$4,778,918	0.04%	$12,011,506,238	0.04%
City of Hawthorne	5,973,230	0.04	8,630,805,267	0.07
City of Inglewood	11,413,195,424	85.01	11,848,240,555	96.33
City of Los Angeles	112,827,694	0.84	652,958,373,305	0.02
Unincorporated Los Angeles County	1,889,680,367	14.07	111,408,534,823	1.70
Total District	$13,426,455,633	100.00%		
Los Angeles County	$13,426,455,633	100.00%	$1,612,990,196,814	0.83%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2019-20 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Inglewood Unified School District

Non-Residential:	2019-20 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Commercial	$1,555,701,687	11.81%	1,171	5.05%
Vacant Commercial	158,459,335	1.20	110	0.47
Industrial	653,146,315	4.96	306	1.32
Vacant Industrial	5,902,938	0.04	29	0.13
Recreational	2,536,061,910	19.26	29	0.13
Government/Social/Institutional	162,896,301	1.24	165	0.71
Miscellaneous	67,001,500	0.51	198	0.85
Subtotal Non-Residential	$5,139,169,986	39.02%	2,008	8.66%
Residential:				
Single Family Residence	$4,721,833,790	35.85%	14,127	60.91%
Condominium/Townhouse	541,141,380	4.11	2,259	9.74
Mobile Home Park	1,124,394	0.01	4	0.02
2-4 Residential Units	1,245,853,793	9.46	3,212	13.85
5+ Residential Units/Apartments	1,494,912,165	11.35	1,371	5.91
Vacant Residential	26,548,154	0.20	213	0.92
Subtotal Residential	$8,031,413,676	60.98%	21,186	91.34%
Total	$13,170,583,662	100.00%	23,194	100.00%

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

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Inglewood Unified School District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	14,127	$4,721,833,790	$334,242	$271,620

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	254	1.798%	1.798%	$10,431,081	0.221%	0.221%
50,000 - 99,999	1,699	12.027	13.825	123,314,258	2.612	2.832
100,000 - 149,999	1,078	7.631	21.455	135,149,564	2.862	5.695
150,000 - 199,999	1,496	10.590	32.045	263,828,261	5.587	11.282
200,000 - 249,999	1,822	12.897	44.942	411,064,274	8.706	19.988
250,000 - 299,999	1,512	10.703	55.645	413,704,209	8.762	28.749
300,000 - 349,999	1,156	8.183	63.828	374,840,710	7.938	36.688
350,000 - 399,999	939	6.647	70.475	350,886,422	7.431	44.119
400,000 - 449,999	806	5.705	76.180	341,486,178	7.232	51.351
450,000 - 499,999	631	4.467	80.647	299,437,378	6.342	57.692
500,000 - 549,999	500	3.539	84.186	261,623,882	5.541	63.233
550,000 - 599,999	376	2.662	86.848	216,339,794	4.582	67.815
600,000 - 649,999	399	2.824	89.672	248,886,102	5.271	73.086
650,000 - 699,999	314	2.223	91.895	212,091,202	4.492	77.578
700,000 - 749,999	251	1.777	93.672	181,574,858	3.845	81.423
750,000 - 799,999	199	1.409	95.080	153,766,061	3.256	84.679
800,000 - 849,999	133	0.941	96.022	109,260,475	2.314	86.993
850,000 - 899,999	123	0.871	96.892	107,750,631	2.282	89.275
900,000 - 949,999	66	0.467	97.360	60,963,757	1.291	90.566
950,000 - 999,999	70	0.496	97.855	68,259,332	1.446	92.012
1,000,000 and greater	303	2.145	100.000	377,175,361	7.988	100.000
Total	14,127	100.000%		$4,721,833,790	100.000%	

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

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Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2009-10 through 2018-19.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2018-19
Inglewood Unified School District

	Secured Tax Charge[(1)]	Amt. Del. June 30	% Del. June 30
2009-10	$18,738,986.01	$644,511.03	3.44%
2010-11	17,633,636.59	423,950.44	2.40
2011-12	17,857,715.45	373,329.30	2.09
2012-13	18,257,550.68	328,811.36	1.80
2013-14	19,035,845.08	281,316.21	1.48
2014-15	19,849,877.67	286,645.28	1.44
2015-16	20,863,564.81	296,744.91	1.42
2016-17	21,601,005.63	257,266.14	1.19
2017-18	22,848,071.75	284,599.74	1.25
2018-19	24,924,758.29	341,479.98	1.37

	Secured Tax Charge[(2)]	Amt. Del. June 30	% Del. June 30
2009-10	$9,106,429.39	$491,239.12	5.39%
2010-11	8,741,766.15	295,246.06	3.38
2011-12	8,713,498.89	265,031.88	3.04
2012-13	9,565,025.17	248,416.24	2.60
2013-14	12,851,293.92	267,938.98	2.08
2014-15	12,767,883.90	236,979.09	1.86
2015-16	12,428,762.96	686,313.55	5.52
2016-17	10,366,449.73	181,654.77	1.75
2017-18	11,581,818.43	153,485.52	1.33
2018-19	14,211,548.59	218,234.30	1.54

(1) 1% general fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) Debt service levy only.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State of California operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchase delinquencies (the 2017-18 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—Ad Valorem Property Taxation" herein.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District from 2014-15 through 2018-19. Tax rate information for fiscal year 2019-20 is not currently available.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES (TRA 4569)[1]
Fiscal Years 2014-15 through 2018-19
Inglewood Unified School District

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Inglewood	.146958	.146958	.146958	.146958	.146958
Inglewood Unified School District	.149915	.127614	.113506	.116753	.130791
El Camino Community College District	.017422	.017447	.022942	.021199	.022229
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.317795%	1.295519%	1.286906%	1.288410%	1.303478%

(1) 2018-19 assessed valuation of TRA 4569 is $4,873,820,328.
Source: California Municipal Statistics, Inc.

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Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within any of the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table presents information on the largest property taxpayers within the District for fiscal year 2019-20. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST 2019-20 LOCAL SECURED TAXPAYERS
Inglewood Unified School District

	Property Owner	2019-20 Primary Land Use	Assessed Valuation	% of Total [1]
1.	Pincay RE LLC	Stadium/Entertainment Complex	$2,426,687,539	18.43%
2.	TR Wateridge LLC	Office Building	143,263,079	1.09
3.	Sentinel Peak Resources CA LLC	Oil & Gas	142,965,698	1.09
4.	Hollywood Park Residential	Residential Land	135,517,065	1.03
5.	MSG Forum LLC	Entertainment Venue	120,389,335	0.91
6.	Hollywood Park Retail Commercial	Commercial Land	112,267,454	0.85
7.	Prime Healthcare Centinela LLC	Medical Building	98,905,020	0.75
8.	Rose Investment Co. LLC	Shopping Center	64,928,654	0.49
9.	Rexford Industrial 687	Industrial	54,952,500	0.42
10.	HCL Inglewood Village LLC	Shopping Center	54,383,299	0.41
11.	Thomas M. Hood	Apartments	45,732,764	0.35
12.	LAX Airport Owners LLC	Commercial	34,262,080	0.26
13.	490 Oak Street Properties LLC	Industrial	31,826,427	0.24
14.	Michael J. Raedeke	Apartments	30,915,591	0.23
15.	Vons Companies Inc.	Commercial	28,949,493	0.22
16.	Costco Wholesale Corporation	Commercial	28,589,130	0.22
17.	Pursche – Gillingham LLC, Lessor	Commercial	27,746,281	0.21
18.	Klabin Redevelopment Associates LLC	Industrial	26,750,383	0.20
19.	One Imperial Plaza LP	Shopping Center	26,268,700	0.20
20.	ARCP Mt. Inglewood CA LP	Shopping Center	25,900,228	0.20
			$3,661,200,720	27.80%

[1] 2019-20 local secured assessed valuation: $13,170,583,662.
Source: California Municipal Statistics, Inc.

Pincay RE LLC ("Pincay"), a Delaware limited liability company formed in 2013, is the largest secured taxpayer in the District, accounting for approximately 18.4% of the secured tax levy. Pincay is owned by The Kroenke Group, a real estate investment company. The Kroenke Group, through Pincay, is currently in the process of constructing SoFi Stadium, a stadium and entertainment complex, on the former site of the Hollywood Park Racetrack in Inglewood, California. Planned for completion in 2020, the stadium will be shared by the Los Angeles Rams and the Los Angeles Chargers of the National Football League, as well as being scheduled to host Super Bowl LVI in February 2022. SoFI Stadium is a component of Hollywood Park, a master planned neighborhood currently in development which is expected to include 8.5 million square feet for office space and condominiums, a 12 screen movie theater, ballrooms, outdoor spaces for community programs, retail space, a luxury hotel, high-end restaurants and an open-air shopping and entertainment center. Hollywood Park Casino opened in October 2016, becoming the first establishment to open in Hollywood Park. The District, however, can make no representation as to whether development of SoFi Stadium or the surrounding properties will proceed as planned.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of August 9, 2019 for debt outstanding as of September 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The table shows the percentage of each overlapping entity’s assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity’s existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

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

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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Inglewood Unified School District

2018-19 Assessed Valuation: $10,942,097,684

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 9/1/19**
Metropolitan Water District	0.375%	$180,188
El Camino Community College District	9.855	39,846,723
Inglewood Unified School District	**100.000**	**121,720,000**[1]
City of Los Angeles	0.018	138,925
Los Angeles County Regional Park and Open Space Assessment District	0.721	98,200
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$161,984,036
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.721%	$15,289,483
Los Angeles County Superintendent of Schools Certificates of Participation	0.721	37,365
Inglewood Unified School District Certificates of Participation	**100.000**	**1,310,000**
City of Inglewood General Fund Obligations	95.603	26,572,854
City of Inglewood Pension Obligation Bonds	95.603	82,745,641
City of Los Angeles General Fund and Judgment Obligations	0.018	282,488
City of Hawthorne General Fund and Pension Obligation Bonds	0.061	17,626
Los Angeles County Sanitation District No. 5 Authority	10.086	1,425,248
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$127,680,705
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Inglewood Redevelopment Agency	92.683%	$98,932,751
TOTAL OVERLAPPING TAX INCREMENT DEBT		$98,932,751
COMBINED TOTAL DEBT		$388,597,492[2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($121,720,000)... 1.11%
Total Direct and Overlapping Tax and Assessment Debt...... 1.48%
Combined Direct Debt ($123,030,000) 1.12%
Combined Total Debt 3.55%

Ratios to Redevelopment Incremental Valuation ($2,825,251,745):

Total Overlapping Tax Increment Debt 3.50%

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy* ad valorem property *taxes for payment of the Bonds.*

Article XIIIA of the California Constitution

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

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

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

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

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

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

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

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

Article XIIIC and Article XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Proposition 26

On November 6, 2012, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The

Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

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

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

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

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

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

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

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

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

Proposition 39

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

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

Jarvis v. Connell

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

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 6, 2012, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. 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 55

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, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Proposition 2

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

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

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

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

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

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve 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 average daily attendance.

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

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 districts lack 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 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 Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26, 30, 51 and 55 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

INGLEWOOD UNIFIED SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the revenues generated by an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District was formed in 1953 and encompasses nine square miles in the County. The District currently serves students in grades Kindergarten through 12, in the City of Inglewood, the community of Ladera Heights and adjacent unincorporated areas of the County. The District currently operates eight elementary schools, one middle school, three K-8 schools, four high schools, one dependent charter K-8 school, a preschool child development center, and a community adult school. For fiscal year 2019-20, the District's ADA is projected to be 7,743 students and enrollment is projected to be 8,244 students. Taxable property within the District has a fiscal year 2019-20 total assessed valuation of $13,426,455,633.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the district and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Inglewood Unified School District, 401 South Inglewood Avenue, Inglewood, California 90301, Attention: State Administrator.

State Intervention

Over a period of several years leading up to the submission of its second interim financial report for fiscal year 2011-12, the District experienced severe financial difficulties resulting from reductions to State funding of education, prolonged enrollment declines, multi-year deficit spending and depressed State and national economic conditions. In its second interim financial report for fiscal year 2011-12, the District projected a negative ending fund balance for the then-current year, and that the District would be unable to meet its financial obligations going forward. A budget analysis conducted by the Los Angeles

County Office of Education ("LACOE") concluded that the District would be unable to maintain its legally-required general fund reserves, and that the District would run out of operational cash by March of 2013. The District's financial crisis precipitated the need for State intervention.

SB 533, effective as of September 14, 2012, authorized emergency apportionments of up to $55,000,000 to assist the District to achieve fiscal stability. As a condition of receiving these funds, the District agreed to abide by all the provisions of the State emergency apportionment statute (Articles 2 and 2.5 of Chapter 3 of Part 24 of Division 3 of Title 2 of the California Education Code, commencing with Section 41320 *et seq.*) (the "Emergency Apportionment Act"). Under SB 533, the State Superintendent previously assumed the exercise of all legal rights, duties, and powers of the District Board and, in consultation with LACOE, appointed a State Administrator to act on behalf of the State Superintendent. Pursuant to AB 1840, effective as of September 17, 2018, the County Superintendent has assumed all legal rights, duties and powers of the District Board. The State Administrator currently serves under the supervision of the County Superintendent, with concurrence from both the State Superintendent and the President of the California Board of Education. The State Administrator, pursuant to the Emergency Apportionment Act, is required to have recognized expertise in management and finance. With the approval of the County Superintendent, the State Administrator may enter into agreements on behalf of the District and, subject to any contractual and statutory obligations thereof, change existing school district rules, regulations, policies or practices as necessary for the effective implementation of the improvement plan required by SB 533.

For the period of time during which the County Superintendent exercises the authority described in SB 533, the District Board serves as an advisory body reporting to the State Administrator, and has no rights, duties or powers with respect to the management of the District. Board members are also not entitled to any stipend, benefits or other compensation from the District.

SB 533 does not set a specific timeline for the District's recovery, and the authority of the County Superintendent and State Administrator will continue until the following conditions are met: (i) the development by the District of the management review and recovery plans discussed herein; (ii) the completion by FCMAT of the comprehensive assessments and improvements plans discussed herein; (iii) the completion by the District of all reports required to be submitted by the State Superintendent; (iv) successful completion by District Board members, and certain other District personnel, of certain training requirements; (v) certification by the State Administrator that all necessary collective bargaining agreements have been negotiated and ratified, and that such agreements are consistent with the recovery plans, and (vi) a determination by the State Superintendent that future compliance by the District with such recovery plans is probable.

Once authority over the governance of the District has been returned to the District Board, the County Superintendent will appoint a trustee to monitor and review the operations of the District for a period of no less than three years. The trustee may or may not be the then-current State Administrator, but is required to have recognized expertise in management and finance. The authority of such trustee will continue until the District has adequate fiscal systems and controls in place, and the County Superintendent determines that the District's future compliance with a fiscal plan submitted by the District pursuant to Section 41320 of the Education Code is probable. During the tenure of such trustee, the trustee will be authorized to stay and rescind any action of the District Board that, in the judgment of the trustee, may affect the financial condition of the District.

Fiscal Recovery

FCMAT Review. SB 533 required FCMAT to conduct a comprehensive assessment (the "Initial Assessment") of the District based on five key operational areas: (i) community relations and governance, (ii) personnel management, (iii) pupil achievement, (iv) financial management, and (v) facility management. The Initial Assessment was completed and published in July 2013, and is available at www.fcmat.org. However, the information presented on such website is not incorporated herein by any reference. FCMAT was also authorized to assist the State Administrator in developing recovery plans, budgets and interim financial reports, and recommendations for studies or activities designed to enhance revenue or achieve cost savings.

The Initial Assessment reviewed the District's operations using 155 distinct professional and legal standards (each, a "FCMAT Standard") in the required five operational areas. The FCMAT Standards were aligned as follows: 20 standards for community relations/governance, 28 standards for personnel management, 31 standards for pupil achievement, 43 standards for financial management, and 33 standards for facilities management. For each FCMAT Standard, scaled ratings of zero (reflecting no implementation), one through seven (reflecting partial implementation), and eight through ten (reflecting substantial or full implementation), were assigned in order to provide a baseline measure of District operations against which future progress can be measured. The Initial Assessment also provided a mean rating for each operational area, reflecting the average scaled scores of the FCMAT Standards aligned therewith. For each FCMAT Standard, the Initial Assessment also provided a series of recommendations to address the identified deficiencies.

FCMAT will also be required to produce annual progress reports to measure the District's progress in implementing the recovery plan. The most recent progress report (the "Sixth Progress Report") was completed and released in July 2018, and is available at www.fcmat.org and https://www.inglewoodusd.com/apps/pages/index.jsp?uREC_ID=1469632&type=d&pREC_ID=1624946. Future progress reports, as and when issued, will be available at such websites. However, the information presented on such websites is not incorporated herein by any reference. The next progress report is expected to be released by the end of November 2019. See also "DISTRICT FINANCIAL INFORMATION" herein for more up to date information regarding the District's finances than may be included in the Sixth Progress Report.

The table below summarizes the average ratings of FCMAT Standards aligned with each of the five operational areas, as reported in the Initial Assessment and each subsequent progress report, as well as a numerical breakdown of the scaled ratings assigned by the Sixth Progress Report to each FCMAT Standard.

PROGRESS OF FCMAT ASSESSMENT STANDARDS
Inglewood Unified School District

	Average Rating of Aligned FCMAT Standards							Implementation of FCMAT Standards (as of Sixth Progress Report)		
Operational Area	**Initial Assessment**	**First Status Report**	**Second Status Report**	**Third Status Report**	**Fourth Status Report**	**Fifth Status Report**	**Sixth Status Report**	**No Implementation (Score 0)**	**Partial Implementation (Scores 1-7)**	**Substantial/Full Implementation (Scores 8-10)**
Community Relations/Governance	1.05	1.05	0.45	1.40	3.78	4.85	5.50	0	19	1
Personnel Management	1.46	1.46	1.36	2.82	4.00	5.43	6.32	0	22	6
Pupil Achievement	3.23	3.23	2.03	2.87	3.32	3.68	3.94	0	26	5
Financial Management	1.19	1.19	1.33	1.95	2.16	2.44	3.28	4[1]	36[1]	3[1]
Facilities Management	2.24	2.24	2.59	3.81	3.94	4.65	5.29	0[1]	28[1]	3[1]

(1) As a result of changes in law, two FCMAT standards included in the Initial Assessment are no longer applicable and were not included in the Fifth and Sixth Progress Reports.
Source: FCMAT Progress Reports.

Under SB 533, when the County Superintendent, with concurrence from both the State Superintendent and the President of the California Board of Education, determines that sufficient progress has been demonstrated in a particular operational area, the County Superintendent is authorized to return authority to the District Board with respect to such operational area. However, currently none of the operational areas have been returned to the authority of the District Board.

SB 533 also requires the State Administrator to develop, in accordance with timelines, instructions and format established by the County Superintendent, with concurrent from the State Superintendent and the President of the State Board of Education, a management review and recovery plan and a multi-year financial recovery plan that includes a plan to repay all loans owed to the State. As part of the improvement plan for personnel management, the District Board was also required to undergo training in subject areas necessary for the effective discharge of their duties, with specific training on financial management practices and the fiduciary responsibilities of school district governing boards. At a minimum, this training was to include participating in a Masters in Governance training provided by the California School Boards Association. In addition, all District personnel with management, policymaking and advisory responsibilities who report or would report directly to the State Administrator are required to undergo training to ensure that such personnel have the requisite knowledge and skills to effectively discharge their responsibilities.

While the State Administrator has not yet completed the recovery plans described above, the District has developed a Facilities Consolidation Plan, dated May 25, 2018, which outlines District efforts to reduce land, building and classroom space managed by the District in order to reduce operating costs and size the District's facilities to current enrollment projections. See also "—Enrollment" herein. The planned facility consolidation plans are achievable based on current capital facility funding, including from bonds issued pursuant to the 2012 Authorization and noise remediation funds paid pursuant to a settlement agreement between the District and the Department of Airports of the City of Los Angeles. Consistent with AB 1840, the District in collaboration with the County, is also working to develop a plan to realize potential revenue from the leasing or sale of surplus facilities. Any proceeds from the sale or lease of real property are authorized therein to be used to reduce or retire the emergency apportionments provided under SB 533.

The District also instituted a five-year Educational Strategic Plan in November of 2018, which provides a roadmap for improving the quality and effectiveness of District learning environments. The District expects that these plans will form part of any formal recovery plans implemented by the State Administrator pursuant to SB 533.

The District makes no representation whether some or all aspects of currently envisioned recovery plans will be implemented, nor that any progress outlined in FCMAT progress reports can be sustained. Further, the market value of the Bonds may be affected by a variety of factors, including but not limited to rating changes, the commitment of the District administrators to the current recovery plans, and the ability of the District to continue to reform past deficiencies and implement corrective actions. To the extent the District's recovery is halted, impeded or otherwise altered, the market value of the Bonds after their issuance may be affected, and the District and the Underwriters can make no representation regarding the existence of a secondary market for the Bonds.

Emergency State Loan; AB 1840 Revenues

Emergency State Loan. SB 533 provided the District with emergency apportionments of up to $55,000,000 for purposes of fiscal recovery. The District has drawn down approximately $29,086,724 of such emergency apportionments. The full amount of emergency apportionments to the District have been funded by the State general fund, and the interest on all emergency funding is charged at the annual rate of return of the State Pooled Money Investment Fund, plus an additional two percent. The District currently has budgeted an annual principal and interest repayment amount of $1,831,984. However, this amount is subject to annual review in order to comply with the interest rate provisions of SB 533. The District may make additional draws in the future, which may be used to fund budgetary deficits.

Under State law, the State Superintendent is authorized to intercept the District's apportionment funding in amounts sufficient to meet the annual repayment obligations with respect to all emergency funding received by the District. The State Director of Finance is also authorized to amend the payment schedule with respect to all emergency apportionments received by the District if it is determined to be in the best interests of the District. The District's repayment obligation in fiscal year 2018-19 was deferred by the State Director of Finance. The District does not currently expect a need for any future deferrals.

Deficit Funding. AB 1840 authorizes one-time State funding, with no obligation for repayment, for the District to receive up to 75% of its projected operational deficit for fiscal year 2019-20, up to 50% in fiscal year 2020-21, and up to 25% in fiscal year 2021-22, upon completion of benchmarks specified in the prior year Budget Act (the "Enumerated Benchmarks") to improve the District's fiscal solvency. The Enumerated Benchmarks, pursuant to AB 1840, may include, but shall not be limited to, the following:

1. Completion of comprehensive operational reviews that compare the needs of the District with similar school districts and provide data and recommendations regarding changes the District can make to achieve fiscal sustainability;

2. Adoption and implementation of necessary budgetary solutions, including the consolidation of school sites;

3. Completion and implementation of multiyear, fiscally solvent budgets and budget plans;

4. Qualification for positive certification in its interim financial reports; and

5. Sale or lease of surplus property;

6. Growth and maintenance of budgetary reserves;

7. Approval of District budgets by the County Superintendent.

The one-time funds are disbursed each fiscal year upon the certification by FCMAT, with concurrence from the County Superintendent, that the Enumerated Benchmarks have been completed. Additionally, by March 1 of each year through March 1, 2021, FCMAT, with concurrence from the County Superintendent, shall report on the progress that the District has made to complete the Enumerated Benchmarks.

Pursuant to AB 1840, the 2019-20 State budget included an appropriation for the District equal to 75% of its operating deficit for fiscal year 2019-20, equal to approximately $3.6 million. The District has factored in this allocation in formulating its operating budget for fiscal year 2019-20.

In addition, by letter dated March 1, 2019 (the "March 2019 Letter"), FCMAT reported on the District's progress in implementing the Enumerated Benchmarks included in the 2018-19 State budget act, and certified as to the District's current operating deficit. As outlined in the March 2019 Letter, the District had made progress on implementing such Enumerated Benchmarks, including (i) entered into agreements for comprehensive operational reviews of its staffing and pupil transportation, and plans to select a vendor to do an operational review of its police department, with the goal of guiding budget planning and revisions to the fiscal stabilization plan, (ii) consolidation of school sites and necessary budgetary solutions, including reductions in personnel, (iii) incorporating potential revenue increases and budget reductions as outlined in the its fiscal stabilization plan, though not yet fully realized, with the goal of working towards fiscally solvent, multiyear budget and budget plans, (iv) self-certifying as qualified in its first interim 2018-19 report, (v) working with the County to create an accountability progress report to help move the District towards fiscal stability by growing and maintaining budgetary reserves, and (vi) working towards approval of District budgets by the County Superintendent. The March 2019 Letter is available at https://www.fcmat.org/Inglewood, however the information presented on such website is not incorporated herein by any reference.

The District can make no representation whether all or any of the above-detailed Enumerated Benchmarks, or any other Enumerated Benchmarks, will be included in future State budget acts. The District can also make no representation whether it will be able to complete any or all Enumerated Benchmarks included in such State budget acts. However, the District's multi-year projections assume the receipt of AB 1840 revenues in fiscal years 2020-21 and 2021-22. See "DISTRICT FINANCIAL INFORMATION – District Budgets – Fiscal Year 2019-20 District Budget."

Administration

Pursuant to the provisions of SB 533, as amended by AB 1840, the District is under the authority of the County Superintendent. The elected members of the District's Board of Education currently exercise no authority in governing the District. Current members of the Board, together with their offices and the date each member's term expires, are shown below:

ADVISORY BOARD OF EDUCATION
Inglewood Unified School District

Board Member	Office	Term Expires
Dr. D'Artangnon Scorza	President	November 2020
Dr. Dionne Young Faulk	Vice President	November 2022
Mrs. Margaret Evans	Member	November 2020
Ms. Alice Grigsby(1)	Member	March 2020
Dr. Carliss Richardson-McGhee	Member	November 2022

(1) Ms. Grigsby was appointed to replace a prior member of the District Board, and has committed to serve through March, 2020.

Day-to-day management and supervisory responsibilities with respect to District operations currently rest with the State Administrator, acting on behalf of the County Superintendent. Brief biographies of the current State Administrator, the expected Interim State Administrator and the Interim Chief Business Official follow:

Dr. Thelma Melendez de Santa Ana, State Administrator. Dr. Melendez was appointed as the State Administrator on August 16, 2017. Previously, she served as the Chief Executive Officer in the Office of Educational Services for Los Angeles Unified School District, the nation's second-largest school system. Other prior positions include serving as the Superintendent of the Santa Ana Unified School District and Pomona Unified School District, as the Seni or Education Advisor to City of Los Angeles Mayor Eric Garcetti, and as the Assistant Secretary for Elementary and Secondary Education at the United States Department of Education. Dr. Melendez began her career in education as a bilingual first grade teacher. Dr. Melendez earned her Bachelor of Arts degree, *cum laude*, from the University of California, Los Angeles, and a Doctorate degree from the University of Southern California's Rossier School of Education.

Dr. Melendez has announced her intention to retire on October 4, 2019. Pursuant to AB 1840, the next State Administrator will need to be selected from a list of candidates identified and vetted by the Fiscal Crisis and Management Assistance Team ("FCMAT"). In forming the list of candidates, FCMAT was required to solicit public input, which occurred at the District in August, 2019. The final candidate must be jointly appointed by the County Superintendent, the State Superintendent and President of the State Board of Education.

Dr. Erika Torres, Interim State Administrator. Dr. Torres will serve as Interim State Administrator upon Dr. Melendez's departure. Dr. Torres currently serves as the Deputy Superintendent of LACOE, which position she will hold concurrently as Interim State Administrator. She joined LACOE in July, 2018 after serving as Executive Director of Student Health and Human Services at Los Angeles Unified School District. Dr. Torres began her career in education in 1999 and has held various leadership positions in the areas of pupil services, health and wellness, dropout prevention and child welfare and attendance. Dr. Torres earned her Bachelor's degree from University of California, Los Angeles, a Master of Social Work degree from California State University, Los Angeles, and a Doctorate degree from the University of Southern California.

Christine Dacanay, Interim Chief Business Official. Ms. Dacanay has served as the Interim Chief Business Official of the District since August 2019. Previously, she served the District as the Director of Fiscal Services from April 2017 to July 2019. Ms. Dacanay's other prior positions include serving as Controller for Deloitte, LLP and Associate Director of Finance and Operations at University of California, Irvine for ten years. She received her Master of Business Administration degree from the University of Southern California, and a Bachelor of Arts degree from the University of California, Irvine.

The ability of the District to continue to reform past deficiencies and implement corrective actions will require both the ongoing commitment of the State Administrator, as well as the ability of the senior District officials to execute such corrective actions. No assurances can be given that the corrective actions described herein will be extended by any subsequent State Administrator. Nor can any assurances be given that the District's current administrators will remain in their positions for any certain period of time. Since the implementation of SB 533, the District has experienced turnover in senior level positions, including one interim and five permanent State Administrators, as well as turnover in financial management staff. To the extent turnover occurs in senior level positions, no assurance can be given that any progress made in the District's fiscal recovery can be sustained.

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Enrollment

The following table shows the District's enrollment over the last 10 fiscal years and projections for fiscal years 2019-20 through 2023-24. The District is currently in the midst of a prolonged decline in enrollment, driven largely by the deteriorated condition of District schools and the presence of competing charter schools. The District currently projects that enrollment will continue to decline through fiscal year 2022-23 by approximately 13.6% from projected levels. Enrollment projections shown below were developed using a three-year average of the number of students that remain in the District as they advance in grade levels, however the District can make no representation as to whether actual enrollment declines will be higher or lower than the amounts shown below. Enrollment declines are a principal contributing cause of the budgetary challenges faced by the District. See also "DISTRICT FINANCIAL INFORMATION – District Budgets – Fiscal Year 2019-20 District Budget" herein.

DISTRICT ENROLLMENT
Fiscal Years 2009-10 through 2023-24
Inglewood Unified School District

Year	Enrollment[(1)]	Change	% Change
2010-11	12,957	(399)	(2.99)
2011-12	12,272	(685)	(5.29)
2012-13	12,119	(153)	(1.25)
2013-14	11,701	(418)	(3.45)
2014-15	10,959	(742)	(6.34)
2015-16	10,475	(484)	(4.42)
2016-17	9,750	(725)	(6.92)
2017-18	9,256	(494)	(5.07)
2018-19	8,755	(-501)	(-5.41)
2019-20[(2)]	8,244	(-511)	(-5.84)
2020-21[(2)]	7,841	(-403)	(-4.89)
2021-22[(2)]	7,482	(-359)	(-4.58)
2022-23[(2)]	7,119	(-363)	(-4.85)
2023-24[(2)]	6,811	(-308)	(-4.33)

(1) Enrollment for years prior to fiscal 2013-14 is as of October CBEDS report. For fiscal years 2013-14 through 2018-19 certified enrollment as of the fall census day (the first Wednesday in October) reported to CALPADS. See also "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Local Control Funding Formula" herein.
(2) Projected. Sourced from the District's adopted budget for fiscal year 2019-20. See also "DISTRICT FINANCIAL INFORMATION – District Budgets – Fiscal Year 2019-20 District Budget" herein.
Source: Inglewood Unified School District.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the State Education Code (the "Charter School Law"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education, or the State Board of Education.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to: (i) to provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (ii) to hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (iii) to provide competition within the public school system to stimulate improvements in all public schools.

Currently, there are nine charter schools currently operating within the District, two of which are affiliated with the District: the La Tijera K-8 Academy charter school and City Honors International Preparatory Charter. Total estimated ADA for the District-affiliated charter schools for fiscal year 2018-19 is approximately 731 students, and total projected ADA for the District-affiliated charter schools for fiscal year 2019-20 is approximately 731 students.

The District can make no representations regarding how many District students will transfer to charter schools in the future, and the corresponding financial impact on the District due to any potential loss of student enrollment.

Labor Relations

The District currently employs 447 full-time equivalent ("FTE") certificated employees and 305 FTE classified employees, as well as 59 management employees. District employees, except management and some part-time employees, are represented by two bargaining units as noted below. See "DISTRICT FINANCIAL INFORMATION – District Budgets – Fiscal Year 2019-20 District Budget" herein.

BARGAINING UNITS
Inglewood Unified School District

Labor Organization	Contract Expiration Date
Inglewood Teachers Association ("ITA")	June 30, 2021
California Professional Employees of Inglewood USD ("CalPro")	June 30, 2021

Source: Inglewood Unified School District.

Retirement Programs

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

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
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. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

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)

Effective Date	K-14 school districts
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.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget (as defined herein). Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See also "DISTRICT FINANCIAL INFORMATION– State Budget Measures – 2019-20 Budget" herein.

The District's contributions to STRS were $3,894,751 in fiscal year 2014-15, $4,865,219 in fiscal year 2015-16, $5,540,417 in fiscal year 2016-17 and $5,672,163 in fiscal year 2017-18. The District currently estimates $4,884,619 for its contribution to STRS for fiscal year 2018-19 and has budgeted $4,904,099 as its contribution to STRS in fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. 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, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. 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 District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See also "DISTRICT FINANCIAL INFORMATION – State Budget Measures – 2019-20 Budget" herein.

The District's contributions to PERS were $1,486,511 in fiscal year 2014-15, $1,624,180 in fiscal year 2015-16, $1,916,588 in fiscal year 2016-17 and $2,626,938 in fiscal year 2017-18. The District currently estimates $1,749,959 for its contribution to PERS for fiscal year 2018-19 and has budgeted $1,966,015 as its contribution to PERS in fiscal year 2019-20.

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 (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2017-18

STRS

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
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

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)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18(5)	92,071	64,846	27,225	--(4)	--(4)

(1) Amounts may not add due to rounding.
(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.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

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 CalSTRS 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 (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, 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% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and 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.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

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 April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the 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 projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

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

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public 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 Statement Nos. 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 employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 20, 2018, the District's share of the net pension liabilities for the STRS and PERS programs were reported as $78,676,552 and $28,990,017, respectively. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18 – Note 9" herein.

Supplemental Employee Retirement Plan

The District has adopted a supplemental retirement plan ("SERP"), pursuant to which eligible employees of the District receive supplemental pension benefits. As of June 30, 2018, the outstanding liability of the District in connection with the SERP plan was $1,509,915, and future payments as of June 30, 2018 are as shown in the following table:

Year Ending, June 30	Payment
2019	$301,983
2020	301,983
2021	301,983
2022	301,983
2023	301,983
Total	$1,509,915

Other Post-employment Benefits

Benefits Plan. The District administers a single-employer defined benefit health care plan (the "Plan") pursuant to which the District provides medical, dental vision and life insurance benefits (collectively, the "Post-Employment Benefits") to certain retirees of the District and their dependents. Employees with at least 20 years of service to the District, and meeting certain age requirements, are eligible to receive the Post-Employment Benefits until age 65. The District funds the Plan on a "pay-as-you-go" basis to cover cost of insurance premiums for current retirees. For fiscal years 2015-16 through 2017-18, the District's contributions to the Plan were $1,266,337, $1,424,714 and $825,000, respectively. For fiscal year 2018-19, the District estimates a contribution of $437,630 to the Plan, and for fiscal year 2019-20, the District has budgeted a contribution of $425,000 to the Plan.

Accrued Liability. Pursuant to *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), the District has commissioned and received an actuarial study of its liability with respect to the Post-Employment Benefits. The requirements of GASB 74 and 75, as further discussed below, include biennial actuarial valuations for all plans. The District's most recent actuarial study, dated as of April 4, 2018 (the "Study"), calculated, among other things, the Total OPEB Liability (the "TOL"), Fiduciary Net Position ("FNP") and Net OPEB Liability ("NOL") of the District with respect to the Post-Employment Benefits, pursuant to GASB 75. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (or liability) of any qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the value of any trust assets. As of a valuation date of July 1, 2017, the District's TOL was $21,008,822. Because the District does not maintain a qualifying irrevocable trust, the District's NOL is equal to the TOL.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB Statement No. 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable such that trust assets are dedicated to providing other post-employment benefits to plan members and are legally protected from creditors. GASB 74 and 75 will require a liability for post-employment obligations, the NOL, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an Other Post-Employment Benefit expense will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's NOL reconciliation and related ratios, and any actuarially determined contributions and investment returns, if any.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet GASB 74 requirements, a projection of the benefit payments and future FNP is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB 74.

GASB 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB 75 will be effective for employer fiscal years beginning after June 15, 2017.

Net Liability. As of June 30, 2018, the District recognized a long-term balance sheet liability (the "Net OPEB Liability") of $22,328,167 with respect to the Post-Employment Benefits, calculated according to actuarial values obtained pursuant to GASB Statement No. 45. The Net OPEB Liability is based on the District's contributions towards the annual required contribution for post-employment benefits during fiscal year 2017-18, plus interest on the prior year's Net OPEB Liability and minus any adjustments to reflect the amortization thereof. See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – Long-Term Debt" and "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18 – Note 8" herein.

Risk Management

The District is exposed to various risks of loss related to property, general liability, workers' compensation and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance (for workers' compensation only, up to $650,000 per claim), and participation in certain public entity risk pools, as described below

The District currently participates in the following joint powers authorities (each, a "JPA"): (i) the Alliance of Schools for Cooperative Insurance Programs ("ASCIP") for excess general liability and property coverage, and (ii) the Southern California Regional Occupational Center ("SCROC") for vocational education services. Each JPA is independently accountable for its fiscal matters and maintains its own accounting records. The District shares in each JPA's deficits and surpluses in proportion to its participation therein. As such none of the JPAs are component units of the District for financial reporting purposes.

DISTRICT FINANCIAL INFORMATION

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

State Funding of Education

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

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the California Department of Education (the "State Department of Education"). In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

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

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

Fiscal Year	Average Daily Attendance(1)	Base Revenue Limit Per ADA	Deficit Revenue Limit Per ADA(2)
2008-09	13,526	$6,115	$5,635
2009-10	12,725	6,377	5,207
2010-11	12,366	6,386	5,239
2011-12	11,693	6,495	5,157
2012-13	11,615	6,707	5,213

(1) Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district.
(2) Deficit revenue limit funding, if provided by State budgetary legislation, reduced revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for a given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit limit funding was eliminated with the implementation of the LCFF (defined herein).
Source: Inglewood Unified School District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

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

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now 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. See also "—State Budget Measures" for information on the adjusted Base Grants provided by current budgetary legislation.

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

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

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2018-19, together with projections of such figures for fiscal year 2019-20. See also "INGLEWOOD UNIFIED SCHOOL DISTRICT – Enrollment" herein.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2019-20
Inglewood Unified School District

	Average Daily Attendance[1]					Enrollment[2]	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment[3]
2013-14	4,077	2,708	1,589	2,912	11,285	11,701	93%
2014-15	3,873	2,652	1,501	2,529	10,555	10,959	84
2015-16	3,723	2,573	1,391	2,210	9,861	10,475	81
2016-17	3,474	2,395	1,322	1,978	9,169	9,750	86
2017-18	3,263	2,303	1,309	2,005	8,879	9,256	85
2018-19	3,136	2,342	1,274	2,003	8,222	8,755	87
2019-20[4]	2,959	2,206	1,175	1,904	7,743	8,244	87

Note: ADA figures rounded to the nearest whole number.

(1) Except for fiscal year 2019-20, P-2 ADA. ADA figures include the La Tijera Academy, as well as District-funded, County-operated programs including special education, community day schools and specialized secondary schools.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures exclude preschool students.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) Represents projected figures.

Source: Inglewood Unified School District.

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

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

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

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

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

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

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

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

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

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

Leased Facilities. The Districted entered into a Facilities Use Agreement ("Facilities Use Agreement") with Green Dot Public Schools California on February 20, 2019, to lease a portion of the prior site of Warren Lane Elementary School (the "Site"). The Facilities Use Agreement provides for use of the Site through fiscal year 2020-21, and the future expected revenues for use of the Site and related utility costs are listed below:

Year Ending, June 30	Annual Revenue
2020	$313,671
2021	393,671
Total	$707,342

State Budget Measures

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

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751."

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at $81.1 billion. With respect to K-12 education, ongoing per-pupil spending is set at $11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) $8,503 for grades K-3, (ii) $7,818 for grades 4-6, (iii) $8,050 for grades 7-8, and (iv) $9,572 for grades 9-12.

- *Settle-Up Payment* – An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Special Education* – $645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) $152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) $492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to CalSTRS and CalPERS, to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, CalSTRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected CalPERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "INGLEWOOD UNIFIED SCHOOL DISTRICT – Retirement Programs" herein.

- *After School Programs* - $50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.

- *Teacher Support* - $43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes $89.8 in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.

- *Broadband Infrastructure* - $7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.

- *Full-Day Kindergarten* - $300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.

- *Wildfire-Related Cost Adjustments* – An increase of $2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

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

District Budgets

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

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

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

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

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

In fiscal years 2010-11 through 2017-18, the District has reported, and LACOE has accepted, negative certifications on the first and second interim financial reports submitted for such years. The District reported, and LACOE has accepted, qualified certifications on the first and second interim financial reports in fiscal year 2018-19. The District currently expects that its first interim financial report for fiscal year 2019-20 will be self-certified as qualified. The District can make no representation as to whether this certification will be accepted by LACOE. The District can also make no representation as to whether the submission of positive interim financial reports in fiscal year 2019-20, or future fiscal years, will be included as an Enumerated Benchmark in State budget acts for purposes of receiving deficit funding pursuant to AB 1840. See "INGLEWOOD UNIFIED SCHOOL DISTRICT – Emergency State Loan; AB 1840 Revenues – Deficit Funding" herein.

Fiscal Stabilization Plan. As a result of various material errors in the District's 2016-17 adopted budget and associated interim financial reports, the District did not develop plans to address budgetary deficit spending that occurred in fiscal years 2016-17 and 2017-18. In response to unsustainable levels of deficit spending, the District developed a stabilization plan (the "Fiscal Stabilization Plan"), that was first submitted to LACOE on December 15, 2017. The Fiscal Stabilization Plan is updated and included with each interim report and budget approved by the District. The most recent version of the Fiscal Stabilization Plan, included with the District's current adopted budget, identifies a series of one-time and ongoing expenditure reductions and revenue measures, as well as the expected timeframe for the implementation thereof. These measures include planned actions not contingent on negotiations or other factors, such as: (1) a reduction of District office operating budgets, (2) a reduction of District school site budgets, (3) entering into a facilities use agreement for use of a closed school site with Animo Green Dot,

(4) school consolidations, and (5) reductions in certificated, management and classified personnel. The Fiscal Stabilization Plan projected that these measures, if fully implemented, would result in budgetary improvements in fiscal years 2020-21 and 2021-22 equal to $4,565,914 and $3,262,254, respectively. The Fiscal Stabilization Plan indicated that these measures were designed only to maintain fiscal solvency through the end of the 2021-22 fiscal year.

The Fiscal Stabilization plan projects an operating deficit of $9,235,275 in fiscal year 2020-21 and $12,920,144 in fiscal year 2021-22. The District planned reductions and other budgetary measures to reduce these operating deficits, as outlined in the preceding paragraph, are projected at $4,669,361 and $9,657,980 in fiscal years 2020-21 and fiscal year 2021-22, respectively. The Fiscal Stabilization Plan also identified the need for additional reductions of $500,000 for fiscal year 2020-21 and $1.9 million for fiscal year 2021-22 corrective actions for which, as of budget adoption, were not yet identified. Subject to meeting various requirements to qualify for future funding, AB 1840 revenues of $4,065,914 and $1,362,254 are projected in fiscal years 2020-21 and 2021-22, respectively, to make up the remainder of the projected deficits for those fiscal years.

Fiscal Year 2018-19 Unaudited Actual Financial Report. The District's unaudited actual financial report for Fiscal Year 2018-19 (the "Fiscal Year 2018-19 Unaudited Actual Financial Report") was adopted by the State Administrator on September 11, 2019. The Fiscal Year 2018-19 Unaudited Actual Financial Report projects a general fund beginning balance of $5.8 million (adjusted), revenues of $125,762,620., total estimated expenditures of $124,397,174, and an ending balance of $7.2 million.

Fiscal Year 2019-20 District Budget. The District's proposed budget for Fiscal Year 2019-20 (the "Fiscal Year 2019-20 District Budget") was adopted by the State Administrator on June 26, 2019. The Fiscal Year 2019-20 District Budget projects a general fund beginning balance of $6.2 million, revenues of $122,181,460, total estimated expenditures of $122,160,367, and an ending balance of $6.3 million. The projected general fund beginning balance for fiscal year 2019-20 was approximately $43,670 greater than the fiscal year 2018-19 adjusted actual ending balance. The District is projected to maintain the legally required reserve equal to 3.0% of general fund revenues in fiscal year 2019-20. The District's multi-year projections also assume the receipt of AB 1840 revenues in fiscal year 2020-21 and 2021-22. See also "INGLEWOOD UNIFIED SCHOOL DISTRICT – Emergency State Loan; AB 1840 Revenues" herein.

Significant assumptions made by the Fiscal Year 2019-20 District Budget include (1) a 5.84% decline in enrollment, equal to 511 students, (2) funded ADA equal to 8,191 students, (3) a 3.26% COLA to LCFF apportionments, (4) a reduction of workers' compensation rate from 4% to 3%, and (5) a net labor force reduction of 34.78 FTE employees. The Fiscal Year 2019-20 District budget also shows other State Revenues including (1) One-time lottery funds of $151 per unit of ADA, (2) one-time AB 1840 allocation of $3.6 million and (3) a mandate block grant of $309,295.

The narrative included with the Fiscal Year 2019-20 District Budget acknowledges that special education costs continue to rise for the District, and that efforts led by LACOE, the California Collaborative for Educational Excellence (CCEE) and District staff have commenced to address redundancies and improve systems within special education that will improve services to students. The narrative further acknowledges that special Education costs continue to impact the District's ability to remain fiscally solvent without the additional financial support from AB 1840, in the near term, and that better managing of services for special education are expected to improve the District's instructional programs and services to students, which is essential to achieve a sustainable fiscal recovery. Finally, the narrative acknowledges that litigation and exposure to legal claims could also adversely and materially impact the District's budget and reserves, as a result high levels of self-insured retentions in the District's current insurance policies and coverages, which resulted from years of high liability claims and litigation costs.

Recent Financial Trends. The table below summarizes the District's adopted general fund budgets for fiscal years 15-16 through 2019-20, audited ending results for fiscal years 2015-16 through 2017-18, and estimated unaudited actuals for fiscal year 2018-19.

GENERAL FUND BUDGETING
Fiscal Years 2015-16 through 2019-20[1]
Inglewood Unified School District

	Fiscal Year 2015-16[2]		Fiscal Year 2016-17[2]		Fiscal Year 2017-18[2]		Fiscal Year 2018-19		Fiscal Year 2019-20
REVENUES	Budgeted	Audited	Budgeted	Audited	Budgeted	Ending	Budgeted[3]	Unaudited Actuals[4]	Budgeted[5]
Revenue Limit/LCFF Sources	$103,729,998	$102,817,595	$100,717,852	$102,100,917	$109,153,024	$97,162,836	$97,311,229	$ 96,948,402	$94,049,416
Federal Sources	10,629,736	11,000,210	8,536,741	9,890,140	81,268	9,725,742	12,103,652	11,479,870	13,585,154
Other State Sources	15,300,191	18,076,293	13,945,359	16,758,302	9,115,126	14,396,518	9,985,421	13,693,650	11,985,562
Other Local Sources	963,438	1,935,653	1,411,018	3,184,169	1,043,487	3,056,155	1,063,349	3,640,698	2,561,328
TOTAL REVENUES	130,623,363	133,829,751	124,610,969	131,933528	119,392,905	124,341,251	120,436,651	125,762,620	122,181,460
EXPENDITURES									
Certificated Salaries	47,003,148	47,174,674	44,163,221	44,721,429	44,810,579	43,664,756	42,115,053	41,071,286	41,493,183
Classified Salaries	16,347,212	15,484,215	17,796,736	15,356,966	16,416,610	15,288,831	16,029,766	15,064,462	15,420,093
Employee Benefits	29,070,769	27,014,884	27,163,396	28,831,703	28,965,091	29,880,018	27,266,933	28,280,253	25,538,490
Books & Supplies	5,767,655	4,416,237	3,858,613	6,585,834	5,292,358	4,561,484	5,080,779	4,139,498	3,994,891
Services & Other Operating Expenses	22,814,126	25,988,347	20,967,352	24,246,160	22,699,531	26,465,613	24,299,824	32,501,450	30,273,275
Capital Outlay	140,000	1,678,496	3,015,725	2,323,688	92,502	1,312,301	115,000	125,087	135,00
Other Outgo	8,333,206	7,966,414	8,340,586	10,176,317	9,553,895	8,651,078	7,199,482	3,579,688	5,696,549
Transfers of Direct Support/Indirect Costs	(347,687)	(328,563)	(326,216)	(291,526)	(293,757)	(282,000)	(348,654)	(364,550)	(391,114)
TOTAL EXPENDITURES	129,128,429	129,394,704	124,979,414	131,950,571	127,527,809	129,541,881	121,758,243	124,397,175	122,160,376
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,494,934	4,435,047	(368,445)	(17,043)	(8,134,904)	(5,200,630)	(1,294,592)	1,365,445	21,093
OTHER FINANCING SOURCES/(USES) – NET	(1,076,313)	(1,825,859)	--	--	--	672,093	--	--	--
NET INCREASE (DECREASE) IN FUND BALANCE	418,621	2,609,188	(368,445)	(17,043)	(8,134,904)	(4,528,537)	(1,294,592)	1,365,445	21,093
Fund Balance, July 1	7,997,000	10,096,500	9,905,594	11,501,938	10,371,443	10,371,443	6,685,954	6,685,954	6,280,602
Adjustments/Restatements	--	--	--	(306,069)	--	--	--	(804,169)	--
Fund Balance, June 30	$8,415,621	$12,705,688	$9,537,149	$11,178,826	$2,236,539	$5,824,906	$5,391,362	$7,247,230	$6,301,695

(1) Numbers rounded to the nearest whole, and may not sum due to rounding.
(2) From the District's audited financial statements for fiscal years 2015-16 through 2017-18. See also "—Financial Statements" herein.
(3) From the Fiscal Year 2018-19 Third Interim Report.
(4) From the Fiscal Year 2018-19 Unaudited Actual Financial Report, adopted by the State Administrator on September 11, 2019. See "—District Budgets – Fiscal Year 2018-19 Unaudited Actual Financial Report" herein.
(5) From the Fiscal Year 2019-20 District Budget, adopted by the State Administrator on June 26, 2019. See "—District Budgets – Fiscal Year 2019-20 District Budget" herein.
(6) Restated beginning fund balance of $5,881,784.93.
Source: Inglewood Unified School District.

Accounting Practices

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

Revenue is recorded on an accrual basis except for taxes allocable to the District, which are considered revenue in the year collections are made and, therefore, are fully reserved. Expenditures are recorded according to receipt of goods and services on an accrual basis. Differences between estimated and actual accounts receivable and payable, as of the beginning of the year, are reflected as adjustments to the fund balance.

Recent Audit Findings

The District's fiscal year 2017-18 audited financial statements set out 22 separate findings (the "Audit Findings") identifying material weaknesses or significant deficiencies in the District's internal fiscal controls, of which 9 of the Audit Findings were described as the basis for a qualified opinion of the Auditor (as defined herein). See also " – Financial Statements" herein. The findings cover all areas of the District's finances, including fiscal challenges, capital assets reporting, compensated absences liability reporting, payroll liability reporting, associated student body funds, accounts receivable and revenue reporting, cash reporting and receipting controls, fund balances and payroll clearance funds. The vast majority of these Audit Findings are deficiencies representing on-going challenges currently being addressed by District management. The District provided a response to each of the Audit Findings.

For more information regarding the fiscal year 2017-18 audited financial statements findings, see "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18 – Findings and Questioned Costs," attached hereto.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Office of the State Administrator, 401 South Inglewood Avenue, Inglewood, California 90301, telephone: (310) 419-2700.

The District's audited financial statements for fiscal year ended June 30, 2018 are attached hereto as APPENDIX B. In such financial statements, the District's auditor, Nigro & Nigro PC (the "Auditor") issued qualified opinions as to following matters:

1. Certain of the District's accounting records were inadequate and certain supporting documents were not available, and as a result the Auditor was unable to obtain sufficient appropriate audit evidence supporting (i) the amounts at which capital assets of the District and related accumulated depreciation were reporting in the District's financial statements, and (ii) the amount of compensated absences liability reported in the District's financial statements.

2. The District lacked sufficient accounting records to present the statement of fiduciary net position for certain agency funds associated with student body funds for the year ending June 30, 2018.

3. The Auditor was unable to identify certain accounts receivable in the District's general fund and child development fund, and were unable to obtain sufficient appropriate audit evidence regarding such accounts receivable by other auditing procedures.

Except for these qualifications, the Auditor was of the opinion that the District's financial statements fairly, and in all material respects, presented the financial position of all District governmental activities and funds, and respective changes in the financial position thereof, as of June 30, 2018. The Auditor also issued qualified opinions regarding supplemental reports included in the audited financial statements. See APPENDIX B - "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18 – Other Independent Auditors' Reports."

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2013-14 through 2017-18
Inglewood Unified School District
(Revised Reporting Format)

	Fiscal Year 2013-14	Fiscal Year 2014-15[(1)]	Fiscal Year 2015-16[(2)]	Fiscal Year 2016-17	Fiscal Year 2017-18[(3)]
REVENUES					
Revenue Limit/LCFF Sources	$86,444,339	$91,489,607	$102,175,163	$102,100,917	$97,162,836
Federal	12,235,665	14,378,660	11,016,616	9,949,692	9,792,827
Other state	12,071,436	10,090,409	19,549,848	17,517,950	15,156,188
Other local	1,515,751	1,177,245	1,594,148	3,429,258	3,163,228
Total Revenues	112,267,191	117,135,921	134,335,775	132,998,087	125,275,079
EXPENDITURES					
Current					
Instruction	64,370,775	74,391,246	79,287,084	75,580,296	71,124,815
Instruction – related activities	13,544,418	14,341,170	14,171,397	13,910,308	17,363,125
Pupil Services	6,796,096	7,347,023	7,687,265	7,270,832	7,608,712
General administration	8,541,021	7,937,689	7,865,277	8,381,075	10,318,904
Plant services	13,230,006	11,894,029	13,389,489	13,766,301	13,377,638
Facilities acquisition and maintenance	--	--	--	2,117,960	538,734
Ancillary services	--	--	24,655	23,812	26,871
Community Services	65,513	95,265	99,233	61,512	115,561
Enterprise services	1,854,527	1,595,736	1,145,507	1,811,565	1,629,406
Other outgo	6,459,682	6,721,147	6,134,430	8,344,333	6,517,489
Debt Service					
Principal	158,497	1,323,832	1,210,953	1,265,138	1,347,905
Interest and other	89,287	753,995	747,337	690,877	663,211
Total Expenditures	115,109,822	126,401,132	131,762,627	133,224,009	130,632,371
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,842,631)	(9,265,211)	2,573,148	(225,922)	(5,357,292)
Other Financing Sources (Uses) – Net	(963,031)	629,265	--	--	672,093
Net Change in Fund Balances	(3,805,662)	(8,635,946)	2,573,148	(225,922)	(4,685,199)
Fund Balances – July 1	19,286,243	16,041,778	9,351,265	12,343,818	12,176,539
Audit Adjustment	1,017,000	1,945,433	419,405	--	
Restatements	343,343	--	--	58,643[(4)]	(807,768)[(5)]
Fund Balances – June 30	$16,840,924	$9,351,265	$12,343,818	$12,176,539	$6,683,572

(1) Revenues, expenditures and fund balances differ from amount shown under "—District Budgets – Recent Financial Trends" because of the inclusion of the Adult Education Fund and Deferred Maintenance Fund within the general fund for financial reporting purposes, pursuant to GASB Statements No. 54.
(2) Reflects the receipt of emergency state funding. See "INGLEWOOD UNIFIED SCHOOL DISTRICT – Emergency State Loan; AB 1840 Revenues" herein.
(3) The District's Auditor has issued a qualified opinion as to certain portions of the District's audited financial statements. See prior page.
(4) Restatement includes adjustment to correct cash in treasury balance of $(200,905), to correct accounts receivable at $(3,387) and to correct accounts payable at $(101,777).
(5) Restatement includes adjustment to repay the Cafeteria Fund at $(196,806), to correct accounts receivable at $(86,230), to correct accounts payable at $(26,636) and to account for other adjustments of $(499,096).
Source: Inglewood Unified School District.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2018 is show below. The District's Auditor has issued qualified opinions regarding certain portions of the District's audited financial statements for fiscal year ending June 30, 2018. See "—Financial Statements" herein and "See APPENDIX B - "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18" attached hereto.

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
General Obligation Bonds				
Bond principal repayments	$109,160,000	--	$7,145,000	$102,015,000
Unamortized issuance premium	3,522,174	--	327,369	3,194,805
Total general obligation bonds	112,682,174	--	7,472,369	105,209,805
Certificates of participation	1,470,000	--	50,000	1,420,000
Capital lease obligations	--	$672,093	54,734	617,359
State emergency loan	25,522,897	--	1,243,171	24,279,726
Self-insured claims liability	8,975,057	--	766,980	8,208,077
Supplemental early retirement plan	--	1,509,915	--	1,509,915
Compensated absences	1,642,303	1,085,473	2,172,458	555,318
Other postemployment benefits	24,995,451	--	1,762,762	23,232,689
Total	$175,287,882	$3,267,481	$13,522,474	$165,032,889

Source: Inglewood Unified School District.

State Loan. SB 533 appropriated up to $55,000,000 in emergency funds to assist the District achieve fiscal stability and integrity. Currently, the District has drawn down $29,086,724 of such funds. The outstanding balance of the emergency funds as of June 30, 2018 was $24,279,726, and the future payments are listed below:

Fiscal Year	Principal	Interest	Total
2019-20	$1,301,192	$530,792	$1,831,984
2020-21	1,331,211	500,773	1,831,984
2021-22	1,361,922	470,062	1,831,984
2022-23	1,393,341	438,643	1,831,984
2023-28	7,463,963	1,695,957	9,159,920
2028-33	8,365,583	794,337	9,159,920
2033-34	1,790,663	41,321	1,831,984
Total	$23,007,875	$4,471,885	$27,479,760

Capital Lease. The District has entered into an agreement to lease copiers and related equipment valued at $672,093. The District's liability on lease agreements with options to purchase is summarized below:

Fiscal Year	Principal	Interest	Total
2019-20	$133,624	$3,239	$137,863
2020-21	134,966	2,897	137,863
2021-22	136,322	1,541	137,863
2022-23	80,152	267	80,419
Total	$485,064	$7,944	$494,008

Certificates of Participation. On September 13, 2001, the District, together with certain other school and community college districts, participated in the execution and delivery of $13,240,000 aggregate principal amount of Certificates of Participation (Los Angeles County Schools Pooled Financing Program) 2001 Series A (the "Certificates"), of which principal amount $2,050,000 was allocable to the District. The District's share of the Certificates is payable from certain lease payments to be made by the District pursuant to a lease agreement by and between the District and the Los Angeles County Schools Regionalized Business Services Corporation, for the use and possession of certain District facilities. The District has covenanted in such lease agreement to budget and appropriate funds to make lease payments from any available funds. Future lease payments due in connection with the 2001 Certificates are detailed below.

Year Ending June 30	Principal Component	Interest Component	Total Lease Payments
2020	$60,000.00	$65,343.76	$125,343.76
2021	65,000.00	62,418.76	127,418.76
2022	65,000.00	59,250.00	124,250.00
2023	70,000.00	56,000.00	126,000.00
2024	75,000.00	52,500.00	127,500.00
2025	75,000.00	48,750.00	123,750.00
2026	80,000.00	45,000.00	125,000.00
2027	85,000.00	41,000.00	126,000.00
2028	90,000.00	36,750.00	126,750.00
2029	95,000.00	32,250.00	127,250.00
2030	100,000.00	27,500.00	127,500.00
2031	105,000.00	22,500.00	127,500.00
2032	110,000.00	17,250.00	127,250.00
2033	115,000.00	11,750.00	126,750.00
2034	120,000.00	6,000.00	126,000.00
Total	$1,310,000.00	$584,262.52	$1,894,262.52

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General Obligation Bonds. The following table shows a combined debt service schedule for all of the District's outstanding general obligation bonded debt, including the Bonds (and assuming no optional redemptions).

Year Ending Oct. 1	2007 Refunding Bonds(1)	2016 Refunding Bonds(1)	Election of 2012 Series A(2)	Election of 2012 Series B(2)	The Bonds(2)	Total Annual Debt Service
2019	$6,360,375.00	$3,632,410.00	$1,704,200.00	$4,039,325.00	--	$15,736,310.00
2020	6,137,375.00	3,633,710.00	1,757,950.00	3,628,500.00	$972,437.78	16,129,972.78
2021	5,782,200.00	3,631,950.00	1,813,200.00	3,246,100.00	1,287,050.00	15,760,500.00
2022	5,442,800.00	3,632,040.00	1,874,700.00	1,465,300.00	3,387,050.00	15,801,890.00
2023	5,008,650.00	3,628,890.00	1,936,950.00	1,527,500.00	2,053,050.00	14,155,040.00
2024	5,075,000.00	3,632,410.00	1,999,700.00	1,592,750.00	1,819,050.00	14,118,910.00
2025	4,536,125.00	3,632,330.00	2,065,850.00	1,658,750.00	1,793,050.00	13,686,105.00
2026	1,263,000.00	3,633,560.00	2,131,487.50	1,735,250.00	1,867,050.00	10,630,347.50
2027	--	3,631,100.00	2,206,350.00	1,806,500.00	1,817,050.00	9,461,000.00
2028	--	3,634,680.00	2,284,650.00	1,882,500.00	1,892,850.00	9,694,680.00
2029	--	3,634,120.00	2,363,900.00	1,957,750.00	1,971,100.00	9,926,870.00
2030	--	3,634,420.00	2,446,150.00	2,042,000.00	2,053,350.00	10,175,920.00
2031	--	3,630,490.00	2,530,900.00	2,124,500.00	2,139,100.00	10,424,990.00
2032	--	--	2,617,650.00	2,215,000.00	2,222,850.00	7,055,500.00
2033	--	--	2,710,900.00	2,307,750.00	2,314,350.00	7,333,000.00
2034	--	--	2,807,375.00	2,402,250.00	2,412,850.00	7,622,475.00
2035	--	--	2,903,600.00	2,503,000.00	2,512,600.00	7,919,200.00
2036	--	--	3,004,062.50	2,609,250.00	2,617,000.00	8,230,312.50
2037	--	--	3,113,125.00	2,715,250.00	2,724,200.00	8,552,575.00
2038	--	--	--	4,210,500.00	3,778,800.00	7,989,300.00
2039	--	--	--	--	6,177,600.00	6,177,600.00
Total	$39,605,525.00	$47,222,110.00	$44,272,700.00	$47,669,725.00	$47,812,437.78	$226,582,497.78

(1) Semi-annual interest payable on April 1 and October 1 of each year. Principal due on October 1.
(2) Semi-annual interest payable on February 1 and August 1 of each year. Principal due on August 1.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

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

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

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

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education – Support and Intervention" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Statutory Lien" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX F – LOS ANGELES COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds 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

LEGAL MATTERS

Legality for Investment in California

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

Enhanced Reporting Requirements

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

Continuing Disclosure

Current Undertaking. Pursuant to the Continuing Disclosure Certificate, the District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2017-18 Fiscal Year, and to provide notices of the occurrence of certain material events. The Annual Report and notices of material events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Report or the notices of material events is included in "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to timely file a portion of the annual report for fiscal year 2015-16, as required by its prior undertakings pursuant to the Rule. Within the past five years, the District also failed to timely file certain notices of listed events, as required by such prior undertakings. Within the past five years, the District failed to file the fiscal year 2016-17 audited financial statements within 10 business days of receipt thereof, as required by the undertaking entered into in connection with its Election of 2012 General Obligation Bonds, Series B.

Litigation

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

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated July 23, 2019 of Nigro & Nigro PC, the Auditor, are included in this Official Statement as APPENDIX B . In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinions is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

The Bonds are expected to be assigned a rating of "AA," by S&P, based upon the issuance of the Policy by BAM at the time the Bonds are delivered. Moody's has also assigned an underlying rating of "Baa2" to the Bonds. Such rating reflects only the views of the rating agencies and any desired explanation of the significance of such rating should be obtained therefrom. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds. See the caption "LEGAL MATTERS – Continuing Disclosure" above and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from S&P and Moody's prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to S&P and Moody's, their websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance thereof.

Underwriting

Purchase of Bonds. RBC Capital Markets, LLC ("RBCCM") and Backstrom McCarley Berry & Co., LLC (together with RBCCM, the "Underwriters") have agreed, pursuant to a purchase contract by and among the District, the County and the Underwriters, to purchase all of the Bonds for a purchase price of $33,836,918.62 (which is equal to the principal amount of such Bonds of $30,000,000.00, plus original issue premium of $4,303,793.25, less an underwriting discount of $180,000.00 and less $286,874.63 be wired by the Underwriter directly to BAM for the Policy premium.

The purchase contract relating to the Bonds provide that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchases being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Underwriters' Disclosures. The Underwriters have provided the following information for inclusion in this Official Statement. However, the District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District:

RBCCM and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBCCM and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBCCM and its 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 District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

The Underwriters each made voluntary contributions to the committee that was formed to support the election authorizing the Bonds.

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ADDITIONAL INFORMATION

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

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

INGLEWOOD UNIFIED SCHOOL DISTRICT

By: /s/ Dr. Erika Torres
Interim State Administrator

APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect thereto substantially in the following form:

October 29, 2019

Board of Education
Inglewood Unified School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $30,000,000 Inglewood Unified School District Election of 2012 General Obligation Bonds, Series C (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, (ii) a 55% vote of the qualified electors of the Inglewood Unified School District (the "District") voting at an election held on November 6, 2012 and (iii) resolutions adopted by the State Administrator of the District and the Board of Supervisors of Los Angeles County (collectively, the "Resolutions").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal

alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

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

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

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

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

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

Respectfully submitted,

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2017-18

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INGLEWOOD UNIFIED SCHOOL DISTRICT

LOS ANGELES COUNTY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2018

INGLEWOOD UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
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INDEPENDENT AUDITORS' REPORT

Thelma Melendez de Santa Ana, Ph.D., State Administrator
Inglewood Unified School District
Inglewood, California

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

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion
Because the District's accounting records were inadequate and certain supporting documents were not available, we were unable to obtain sufficient appropriate audit evidence supporting the amounts at which the capital assets and related accumulated depreciation are reported in the accompanying financial statements of $269,725,287 and $70,024,283, respectively, as of June 30, 2018.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

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Basis for Qualified Opinion (continued)
Because the District’s accounting records were inadequate and certain supporting documents were not available, we were unable to obtain sufficient appropriate audit evidence supporting the amount at which the compensated absences liability is reported in the accompanying financial statements of $555,318, as of June 30, 2018.

The District lacked sufficient accounting records to present the statement of fiduciary net position for the agency funds associated with student body funds for the year ended June 30, 2018. Presentation of such statements identifying the assets and liabilities of the funds is required by accounting principles generally accepted in the United States of America. The omission of statement of fiduciary net position for the agency funds associated with the Associated Student Body Fund results in an incomplete presentation, as stated above.

We were unable to identify $45,386 and $96,772 of accounts receivable in the General Fund and the Child Development Fund, respectively, totaling $142,158 at June 30, 2018, and were unable to obtain sufficient appropriate audit evidence about those accounts receivable by other auditing procedures.

Qualified Opinion
In our opinion, except for the possible effects of the matters discussed in the “Basis for Qualified Opinion” paragraphs, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Inglewood Unified School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Matters (continued)

Other Information (continued)

The supplementary information on pages 68 to 71 and the schedule of expenditures of federal awards on page 72 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on pages 67 and 73 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated July 23, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
July 23, 2019

This discussion and analysis of Inglewood Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $3.0 million, or 27.9%.
- Governmental expenses were about $145.2 million. Revenues were about $142.2 million.
- The District acquired over $12.6 million in new capital assets during the year. These additions were incurred primarily from Measure GG bond funds.
- The District decreased its outstanding long-term debt other than pensions by $10.3 million. This was primarily due to debt service payments on Measure GG bonds.
- Grades K-12 average daily attendance (ADA) decreased by 537, or 6.2%.

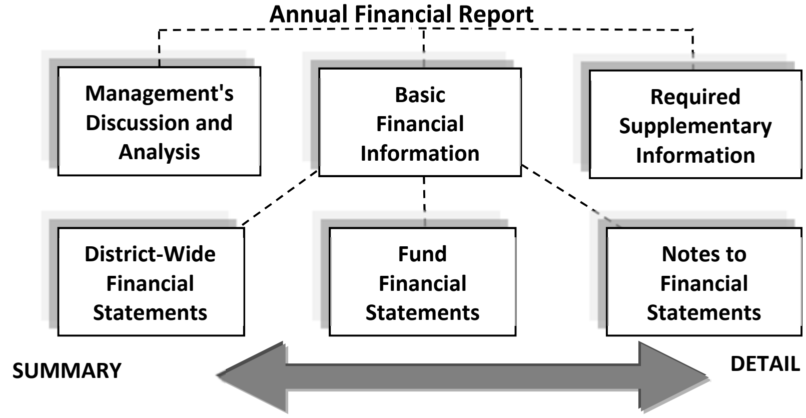
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements.*
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Inglewood Unified School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has three kinds of funds:

1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

2) ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers compensation claims.

3) ***Fiduciary funds*** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds, payroll clearance funds, and the private-purpose trust fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2018, than it was the year before – decreasing 27.9% to $(13.8) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2018	**2017***	**Net Change**
Assets			
Current assets	$ 68,327,836	$ 85,427,615	$ (17,099,779)
Capital assets	199,701,004	191,198,307	8,502,697
Total assets	268,028,840	276,625,922	(8,597,082)
Deferred outflows of resources	32,611,407	22,967,072	9,644,335
Liabilities			
Current liabilities	25,993,767	34,980,970	(8,987,203)
Long-term liabilities	165,032,889	166,522,339	(1,489,450)
Net pension liability	107,666,569	97,145,667	10,520,902
Total liabilities	298,693,225	298,648,976	44,249
Deferred inflows of resources	15,757,082	11,741,696	4,015,386
Net position			
Net investment in capital assets	97,548,440	78,516,133	19,032,307
Restricted	28,054,767	43,488,371	(15,433,604)
Unrestricted	(139,413,267)	(132,802,182)	(6,611,085)
Total net position	$ (13,810,060)	$ (10,797,678)	$ (3,012,382)

** As restated*

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues decreased 7.7% to $142.2 million (See Table A-2). The decrease is due primarily to reduced LCFF state funds resulting from declining enrollment and ADA, as well as a decrease in operating grants.

The total cost of all programs and services decreased 1.0% to $145.2 million. The District's expenses are predominantly related to educating and caring for students, 61.3%. The purely administrative activities of the District accounted for just 7.1% of total costs. A significant contributor to the decrease in costs was budget cuts identified as part of the District's fiscal stabilization plan.

Table A-2: Statement of Activities

	Governmental Activities		
	2018	**2017**	**Net Change**
Revenues			
Program Revenues:			
Charges for services	$ 22,610	$ 22,688	$ (78)
Operating grants and contributions	26,479,373	34,585,544	(8,106,171)
Capital grants and contributions	3,148	-	3,148
General Revenues:			
Property taxes	39,681,450	35,418,985	4,262,465
Federal and state aid not restricted	74,122,855	82,501,444	(8,378,589)
Other general revenues	1,924,035	1,618,393	305,642
Total Revenues	142,233,471	154,147,054	(11,913,583)
Expenses			
Instruction-related	89,103,824	92,538,204	(3,434,380)
Pupil services	11,901,499	10,904,963	996,536
Administration	10,358,964	8,120,907	2,238,057
Plant services	14,715,504	13,179,128	1,536,376
All other activities	19,166,062	21,917,946	(2,751,884)
Total Expenses	145,245,853	146,661,148	(1,415,295)
Increase (decrease) in net position	$ (3,012,382)	$ 7,485,906	$ (10,498,288)
Total Net Position	$ (13,810,060)	$ (10,797,678)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $36.7 million, which is below last year's ending fund balance of $52.5 million. The primary causes of the decreased fund balance are capital outlay projects in the Building Fund and on-going deficit spending in the General Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
Fund	July 1, 2017	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2018
General Fund	$ 10,371,443	$ 124,341,251	$ 129,541,881	$ 672,093	$ 5,842,906
Adult Education Fund	508,839	931,862	1,090,490	-	350,211
Child Development Fund	(177,024)	2,269,830	1,761,193	-	331,613
Cafeteria Fund	2,625,770	4,720,696	4,389,109	-	2,957,357
Deferred Maintenance Fund	488,489	1,966	-	-	490,455
Building Fund	16,204,264	988,688	12,098,352	-	5,094,600
Capital Facilities Fund	3,432,657	232,323	-	-	3,664,980
County School Facilities Fund	386,210	9,253	-	-	395,463
Special Reserve Fund for Capital Outlay	9,383,714	145,914	736,950	-	8,792,678
Bond Interest and Redemption Fund	9,248,070	11,547,315	12,046,330	-	8,749,055
	$ 52,472,432	$ 145,189,098	$ 161,664,305	$ 672,093	$ 36,669,318

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $2.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $0.6 million due to reflect revised cost estimates.
- Other non-personnel expenses – increased $3.0 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $9.0 million, the actual results for the year show that expenditures exceeded revenues by roughly $5.2 million. Actual revenues were $2.2 million more than anticipated, and expenditures were $1.6 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2018, that were carried over into the 2018-19 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-18 the District had acquired $12.6 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $4.1 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		
	2018	2017	Net Change
Land	$ 24,045,889	$ 23,997,152	$ 48,737
Improvement of sites	1,565,807	805,871	759,936
Buildings	141,495,208	145,191,472	(3,696,264)
Equipment	1,361,580	1,358,476	3,104
Construction in progress	31,232,520	19,845,336	11,387,184
Total	$ 199,701,004	$ 191,198,307	$ 8,502,697

Long-Term Debt

At year-end the District had $165.0 million in long-term liabilities other than pensions – a decrease of 5.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		
	2018	2017	Net Change
General obligation bonds	$ 105,209,805	$ 112,682,174	$ (7,472,369)
Certificates of participation	1,420,000	1,470,000	(50,000)
State apportionment loan	24,279,726	25,522,897	(1,243,171)
Capital lease obligations	617,359	-	617,359
Claims liability	8,208,077	8,975,057	(766,980)
Supplemental early retirement plan	1,509,915	-	1,509,915
Compensated absences	555,318	1,642,303	(1,086,985)
Other postemployment benefits	23,232,689	24,995,451	(1,762,762)
Total	$ 165,032,889	$ 175,287,882	$ (10,254,993)

FACTORS BEARING ON THE DISTRICT'S FUTURE

On June 26, 2019, the District adopted its 2019-2020 fiscal year budget. The 2019-20 budget was developed using staffing levels, operating costs, special education costs and priorities that were known and in place as of June 26, 2019.

Also included in the 2019-20 budget is an estimate of actual revenues, expenditures, and reserves for the 2018-19 school year and incorporates changes since the Third Interim Report was submitted. The budget, multi-year projection, and estimated actuals are intended to present a conservative estimate of the financial condition of the district. However, future changes in state funding, audit findings, changes in actual enrollment that differ from projections, and unforeseen changes in operating costs could lead to changes in the financial projections and actual operating results that are materially different than the current projections.

Special education costs continue to rise for the District. Efforts led by the Los Angeles County Office of Education (LACOE), the California Collaborative for Educational Excellence (CCEE) and District staff have commenced to address redundancies and improve systems within special education that will improve services to students. Special Education costs continue to impact the District’s ability to remain fiscally solvent without the additional financial support from AB 1840, in the near term. Better managing of services for special education will improve the District’s instructional programs and services to students, which is essential to achieve a sustainable fiscal recovery.

Litigation and exposure to legal claims could also adversely and materially impact the District’s budget and reserves, as a result high levels of self-insured retentions in the District’s current insurance policies and coverages, which resulted from years of high liability claims and litigation costs.

The future is not known with certainty and all projections involving complex systems, thousands of students, hundreds of employees, and vast number of decisions and external events that impact the District’s budget, will change as assumptions change. Projections of the District’s budget also reflect priorities, which can be reduced, and unavoidable costs, which cannot be reduced in the near term – utilities, the state loan payment and others are for all practical purposes not avoidable in the near term, but even those costs can be mitigated or managed.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Inglewood Unified School District Business Office by mail at 401 South Inglewood Avenue, Inglewood, California 90301, or visit the District’s website at http://www.inglewoodusd.com.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

	Governmental Activities
ASSETS	
Cash	$ 61,639,132
Accounts receivable	6,563,338
Prepaid expenses	720
Inventories	124,646
Capital assets:	
Non-depreciable capital assets	55,278,409
Depreciable capital assets	214,446,878
Less accumulated depreciation	(70,024,283)
Total assets	268,028,840
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	2,773,292
Deferred outflows related to pensions	29,838,115
Total deferred outflows of resources	32,611,407
LIABILITIES	
Accounts payable	25,714,915
Unearned revenue	278,852
Long-term liabilities:	
Current portion of long-term liabilities other than pensions	9,451,054
Non-current portion of long-term liabilities other than pensions	155,581,835
Net pension liability	107,666,569
Total liabilities	298,693,225
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts on refunding	2,400,768
Deferred inflows related to OPEB	572,638
Deferred inflows related to pensions	12,783,676
Total deferred inflows of resources	15,757,082
NET POSITION	
Net investment in capital assets	97,548,440
Restricted for:	
Capital projects	12,307,194
Debt service	8,749,055
Categorical programs	6,998,518
Unrestricted	(139,413,267)
Total net position	$ (13,810,060)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 71,350,729	$ 15,197	$ 12,941,800	$ 3,148	$ (58,390,584)
Instruction-Related Services:					
Supervision of instruction	9,100,110	3,392	4,698,485	-	(4,398,233)
Instructional library, media and technology	158,381	-	26,440	-	(131,941)
School site administration	8,494,604	-	320,871	-	(8,173,733)
Pupil Support Services:					
Home-to-school transportation	2,596,063	-	138,249	-	(2,457,814)
Food services	4,330,581	3,185	4,537,104	-	209,708
All other pupil services	4,974,855	-	825,187	-	(4,149,668)
General Administration Services:					
Data processing services	1,822,503	-	-	-	(1,822,503)
Other general administration	8,536,461	836	734,452	-	(7,801,173)
Plant services	14,715,504	-	1,332,466	-	(13,383,038)
Ancillary services	26,871	-	-	-	(26,871)
Community services	114,450	-	-	-	(114,450)
Enterprise activities	3,147,025	-	972	-	(3,146,053)
Interest on long-term debt	4,979,089	-	-	-	(4,979,089)
Other outgo	6,761,650	-	923,347	-	(5,838,303)
Depreciation (unallocated)	4,136,977	-	-	-	(4,136,977)
Total Governmental Activities	$ 145,245,853	$ 22,610	$ 26,479,373	$ 3,148	(118,740,722)

General Revenues:	
Property taxes	39,681,450
Federal and state aid not restricted to specific purpose	74,122,855
Interest and investment earnings	730,878
Miscellaneous	1,193,157
Subtotal general revenues	115,728,340
Change in net position	(3,012,382)
Net position - July 1, 2017, as originally stated	(10,310,977)
Adjustments for restatements (Note 13)	(486,701)
Net position - July 1, 2017, as restated	(10,797,678)
Net position - June 30, 2018	$ (13,810,060)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 21,976,505	$ 8,009,031	$ 9,263,965	$ 8,749,055	$ 6,256,272	$ 54,254,828
Accounts receivable	4,810,545	48,626	51,707	-	1,622,761	6,533,639
Stores inventories	81,126	-	-	-	43,520	124,646
Prepaid expenditures	720	-	-	-	-	720
Total Assets	$ 26,868,896	$ 8,057,657	$ 9,315,672	$ 8,749,055	$ 7,922,553	$ 60,913,833
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 19,906,472	$ 2,963,057	$ 522,994	$ -	$ 573,140	$ 23,965,663
Unearned revenue	278,852	-	-	-	-	278,852
Total Liabilities	20,185,324	2,963,057	522,994	-	573,140	24,244,515
Fund Balances						
Nonspendable	181,846	-	-	-	44,611	226,457
Restricted	3,448,325	5,094,600	8,482,852	8,749,055	7,024,324	32,799,156
Committed	840,666	-	-	-	-	840,666
Assigned	-	-	309,826	-	280,478	590,304
Unassigned	2,212,735	-	-	-	-	2,212,735
Total Fund Balances	6,683,572	5,094,600	8,792,678	8,749,055	7,349,413	36,669,318
Total Liabilities and Fund Balances	$ 26,868,896	$ 8,057,657	$ 9,315,672	$ 8,749,055	$ 7,922,553	$ 60,913,833

INGLEWOOD UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		$ 36,669,318
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost:	269,725,287	
Accumulated depreciation:	(70,024,283)	
Net:		199,701,004
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,437,992)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred inflow. The remaining deferred amounts on refunding at the end of the period were:		(2,400,768)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	105,209,805	
Certificates of participation payable	1,420,000	
Capital leases payable	617,359	
State Apportionment Loan	24,279,726	
Supplemental early retirement plan	1,509,915	
Compensated absences payable	555,318	
Other postemployment benefits	23,232,689	
Total		(156,824,812)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(107,666,569)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:		(1,105,334)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported. Deferred inflows and outflows relating to pensions for the period were:		
Deferred outflows of resources	29,838,115	
Deferred inflows of resources	(12,783,676)	
Total		17,054,439
In governmental funds, deferred outflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources relating to OPEB are reported. Deferred outflows relating to OPEB for the period were:		
Deferred outflows of resources	2,773,292	
Deferred inflows of resources	(572,638)	
Total		2,200,654
Total net position - governmental activities		$ (13,810,060)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 97,162,836	$ -	$ -	$ -	$ -	$ 97,162,836
Federal sources	9,792,827	-	-	-	4,366,726	14,159,553
Other state sources	15,156,188	-	-	82,383	2,578,348	17,816,919
Other local sources	3,163,228	988,688	145,914	11,464,932	287,028	16,049,790
Total Revenues	125,275,079	988,688	145,914	11,547,315	7,232,102	145,189,098
EXPENDITURES						
Current:						
Instruction	71,124,815	-	-	-	1,376,114	72,500,929
Instruction-Related Services:						
Supervision of instruction	8,814,078	-	-	-	310,851	9,124,929
Instructional library, media and technology	108,645	-	-	-	-	108,645
School site administration	8,440,402	-	-	-	-	8,440,402
Pupil Support Services:						
Home-to-school transportation	2,490,890	-	-	-	-	2,490,890
Food services	-	-	-	-	4,218,289	4,218,289
All other pupil services	5,117,822	-	-	-	-	5,117,822
Ancillary services	26,871	-	-	-	-	26,871
Community services	115,561	-	-	-	-	115,561
Enterprise activities	1,629,406	-	-	-	887	1,630,293
General Administration Services:						
Data processing services	1,722,891	-	-	-	-	1,722,891
Other general administration	8,596,013	-	-	-	-	8,596,013
Transfers of indirect costs	(244,161)	-	-	-	244,161	-
Plant services	13,377,638	-	-	-	-	13,377,638
Capital outlay	538,734	12,098,352	736,950	-	-	13,374,036
Intergovernmental transfers	6,761,650	-	-	-	-	6,761,650
Debt service:						
Principal	1,347,905	-	-	7,145,000	-	8,492,905
Interest	663,211	-	-	4,901,330	-	5,564,541
Total Expenditures	130,632,371	12,098,352	736,950	12,046,330	6,150,302	161,664,305
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,357,292)	(11,109,664)	(591,036)	(499,015)	1,081,800	(16,475,207)
OTHER FINANCING SOURCES (USES)						
Issuance of debt - capital lease	672,093	-	-	-	-	672,093
Total Other Financing Sources and Uses	672,093	-	-	-	-	672,093
Net Change in Fund Balances	(4,685,199)	(11,109,664)	(591,036)	(499,015)	1,081,800	(15,803,114)
Fund Balances, July 1, 2017, as originally stated	12,176,539	16,082,003	9,383,714	9,248,070	6,068,807	52,959,133
Adjustments for restatements (Note 13)	(807,768)	122,261	-	-	198,806	(486,701)
Fund Balances, July 1, 2017, as restated	11,368,771	16,204,264	9,383,714	9,248,070	6,267,613	52,472,432
Fund Balances, June 30, 2018	$ 6,683,572	$ 5,094,600	$ 8,792,678	$ 8,749,055	$ 7,349,413	$ 36,669,318

INGLEWOOD UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds			$ (15,803,114)
Amounts reported for governmental *activities* in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period was:			
	Expenditures for capital outlay	12,639,674	
	Depreciation expense	(4,136,977)	8,502,697
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			8,492,905
In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:			(672,093)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:			184,675
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premiums or discount for the period was:			327,369
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			84,259
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:			1,086,985
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, including early retirement incentives. This year, expenses incurred for such obligations were:			(1,509,915)
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The change in the net OPEB liability at the end of the period was:			1,762,762
The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.			(1,486,569)
In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			(3,982,343)
Change in net position of governmental activities			$ (3,012,382)

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2018

	Governmental Activities Self-Insurance Fund
ASSETS	
Current Assets	
Cash and cash equivalents	$ 7,384,304
Accounts receivable	29,699
Total Assets	7,414,003
LIABILITIES	
Current Liabilities	
Accrued liabilities	311,260
Non-Current Liabilities	
Claims liability	8,208,077
Total liabilities	8,519,337
NET POSITION	
Restricted	$ (1,105,334)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

For the Fiscal Year Ended June 30, 2018

	Governmental Activities Self-Insurance Fund
OPERATING REVENUES	
Charges to other funds	$ 2,469,711
Other local revenues	1,875
Total operating revenues	2,471,586
OPERATING EXPENSES	
Salaries and benefits	84,339
Services and other operating expenses	3,970,415
Total operating expenses	4,054,754
Operating Income (Loss)	(1,583,168)
NON-OPERATING REVENUES	
Interest income	96,599
Change in net position	(1,486,569)
Net position, July 1, 2017	381,235
Net position, June 30, 2018	$ (1,105,334)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended June 30, 2018

	Governmental Activities Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from assessments made to other funds	$ 2,469,711
Cash received from all other sources	1,875
Cash payments for payroll, insurance and operating costs	(4,607,776)
Net cash provided (used) by operating activities	(2,136,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	111,036
Net increase (decrease) in cash and cash equivalents	(2,025,154)
Cash, July 1, 2017	9,409,458
Cash, June 30, 2018	$ 7,384,304
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (1,583,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	213,958
Increase (decrease) in claims liability	(766,980)
Net cash provided (used) by operating activities	$ (2,136,190)

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	Trust Fund	Agency Funds
	Private Purpose Trust Fund	Payroll Clearing Fund
ASSETS		
Cash	$ 301,528	$ 1,000,474
Accounts receivable	1,668	-
Total Assets	303,196	$ 1,000,474
LIABILITIES		
Due to regulatory agencies	-	$ 1,000,474
Total Liabilities	-	$ 1,000,474
NET POSITION		
Unrestricted	$ 303,196	

INGLEWOOD UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
June 30, 2018

	Private Purpose Trust Fund
ADDITIONS	
Donations and contributions	$ -
Interest income	4,676
Total Additions	4,676
DEDUCTIONS	
Scholarships paid	-
Fundraising expenses	-
Total Deductions	-
Change in net position	4,676
Beginning of year, July 1, 2017	298,520
End of year, June 30, 2018	$ 303,196

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inglewood Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), with the exception of Associated Student Body (ASB) Funds, which are not included in the financial statements. The following is a summary of the more significant policies:

A. Reporting Entity

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

The La Tijera K-8 Academy is a District-run charter school. This charter school is not a separate legal entity, and does not have a separate legal governance council. The activity for this charter school is accounted for in the General Fund using school site codes.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Inglewood Unified School District Facilities Financing Authority (Authority) is a joint exercise of powers agency organized under the laws of the State of California as of December 1, 2006. The Authority was formed by the District's Board of Education in partnership with the California Municipal Finance Authority to assist in the financing and refinancing of public capital improvements for the benefit of the District.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)
The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains an Adult Education Fund and a Deferred Maintenance Fund. These funds do not meet the definition of special revenue funds as they are not primarily composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the General Fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

Special Reserve Fund for Capital Outlay Projects: This fund is used to account for funds set aside for Board designated construction projects.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds

Special Revenue Funds:

Child Development Fund: This fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

Proprietary Funds
Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Self-Insurance Fund: This fund may be used to account for any activity for which goods or services are provided to other funds of the District in return for a fee to cover the cost of operations. The District operates self-insurance funds for its self-insured workers' compensation benefits.

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds (continued)

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938). The ASB Fund was not presented in the financial statements as required by Generally Accepted Accounting Principles.

Payroll Clearance Fund: This fund is used to record dedicated funds for payroll and related expenses.

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions (continued)

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

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

C. Budgetary Data

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

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

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

4. Unearned Revenue

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

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Inglewood Unified School District Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

8. Pensions

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

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Fund Balances (continued)

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position
Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy
The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a reserve for economic uncertainties consisting of unassigned amounts equivalent to 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Spending Order Policy

The District considers restricted (or unrestricted) amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy is to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Governing Board has provided otherwise in its commitment or assignment functions.

H. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

J. New GASB Pronouncements

During the 2017-18 fiscal year, the following GASB Pronouncements became effective:

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

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

   The District elected to implement this standard in 2016-17.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New GASB Pronouncements (continued)

2. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

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

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

NOTE 2 – CASH

Cash at June 30, 2018, is reported at fair value and consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Funds
Pooled Funds:				
Cash in County Treasury	$ 51,017,908	$ 7,020,152	$ 58,038,060	$ 1,302,002
Total Deposits	51,017,908	7,020,152	58,038,060	1,302,002
Deposits:				
Cash in Revolving Fund	101,091	-	101,091	
Cash with Fiscal Agent	3,135,829	364,152	3,499,981	-
Total Deposits	3,236,920	364,152	3,601,072	-
Total Cash	$ 54,254,828	$ 7,384,304	$ 61,639,132	$ 1,302,002

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2018, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

NOTE 2 – CASH (continued)

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

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consisted of the following:

	Governmental Activities						
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	Fiduciary Funds
Federal Government:							
Categorical aid programs	$ 3,204,801	$ -	$ -	$ 1,066,603	$ 4,271,404	$ -	$ -
State Government:							
Special Education	418,176	-	-	-	418,176	-	-
Lottery	374,474	-	-	-	374,474	-	-
Categorical aid programs	352,600	-	-	434,510	787,110	-	-
Local:							
Interest	93,294	48,616	51,707	15,807	209,424	29,699	1,668
Other local	367,200	10	-	105,841	473,051	-	-
Total	$ 4,810,545	$ 48,626	$ 51,707	$ 1,622,761	$ 6,533,639	$ 29,699	$ 1,668

NOTE 4 – INTERFUND TRANSACTIONS

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

The District had no interfund activity during the fiscal year ended June 30, 2018.

NOTE 5 – FUND BALANCES

At June 30, 2018, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 100,000	$ -	$ -	$ -	$ 1,091	$ 101,091
Stores inventories	81,126	-	-	-	43,520	124,646
Prepaid expenditures	720	-	-	-	-	720
Total Nonspendable	181,846	-	-	-	44,611	226,457
Restricted:						
Categorical programs	3,448,325	-	-	-	329,011	3,777,336
Capital projects	-	5,094,600	8,482,852	-	3,824,342	17,401,794
Child nutrition		-	-	-	2,870,971	2,870,971
Debt service	-	-	-	8,749,055	-	8,749,055
Total Restricted	3,448,325	5,094,600	8,482,852	8,749,055	7,024,324	32,799,156
Committed:						
Adult education program	350,211	-	-	-	-	350,211
Deferred maintenance program	490,455	-	-	-	-	490,455
Total Committed	840,666	-	-	-	-	840,666
Assigned:						
Other assignments	-	-	309,826	-	280,478	590,304
Total Assigned	-	-	309,826	-	280,478	590,304
Unassigned:						
Reserve for economic uncertainties	2,212,735	-	-	-	-	2,212,735
Total Unassigned	2,212,735	-	-	-	-	2,212,735
Total	$ 6,683,572	$ 5,094,600	$ 8,792,678	$ 8,749,055	$ 7,349,413	$ 36,669,318

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2017	Additions	Deletions	Balance, June 30, 2018
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 23,997,152	$ 48,737	$ -	$ 24,045,889
Construction in progress	19,845,336	11,387,184	-	31,232,520
Total capital assets not being depreciated	43,842,488	11,435,921	-	55,278,409
Capital assets being depreciated				
Site improvements	3,171,179	919,390	-	4,090,569
Buildings	203,820,795	-	-	203,820,795
Machinery and equipment	6,251,151	284,363	-	6,535,514
Total capital assets being depreciated	213,243,125	1,203,753	-	214,446,878
Less accumulated depreciation:				
Site improvements	(2,365,308)	(159,454)	-	(2,524,762)
Buildings	(58,629,323)	(3,696,264)	-	(62,325,587)
Machinery and equipment	(4,892,675)	(281,259)	-	(5,173,934)
Total accumulated depreciation	(65,887,306)	(4,136,977)	-	(70,024,283)
Governmental Activities Capital Assets, net	$ 191,198,307	$ 8,502,697	$ -	$ 199,701,004

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the fiscal year ended June 30, 2018, were as follows:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	$ 109,160,000	$ -	$ 7,145,000	$ 102,015,000	$ 7,270,000
Unamortized issuance premium	3,522,174	-	327,369	3,194,805	327,372
Sub-Total - Bonds	112,682,174	-	7,472,369	105,209,805	7,597,372
Certificates of Participation	1,470,000	-	50,000	1,420,000	55,000
Capital Lease Obligations	-	672,093	54,734	617,359	132,295
State Apportionment Loan	25,522,897	-	1,243,171	24,279,726	1,271,851
Self-Insured Claims Liability	8,975,057	-	766,980	8,208,077	-
Supplemental Early Retirement Plan	-	1,509,915	-	1,509,915	301,983
Compensated Absences	1,642,303	1,085,473	2,172,458	555,318	92,553
Other Postemployment Benefits	24,995,451	-	1,762,762	23,232,689	-
Totals	$ 175,287,882	$ 3,267,481	$ 13,522,474	$ 165,032,889	$ 9,451,054

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the Certificates of Participation, capital leases, and the State apportionment loan are paid by the General Fund. The compensated absences and OPEB will be paid by the fund for which the employee worked. The claims liability will be paid by the Internal Service Fund.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds

Election of 1998 (Measure K)
On November 3, 1998, the voters of the District approved a measure authorizing the District to issue up to $131 million of general obligation bonds for the purpose of renovating and modernizing school facilities. All bonds authorized under this election have been issued.

Election of 2012 (Measure GG)
On November 6, 2012, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to $90 million of general obligation bonds. The Bonds were issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay certain costs of issuing the Bonds.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, none of the defeased debt remains outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2018, deferred amounts on refunding were ($2,400,768).

Below is a schedule of bonds issued and outstanding as of June 30, 2018.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Issuances	Redemptions	Balance, June 30, 2018
Election of 1998 (Measure K)								
2007	2/7/2007	10/15/2026	4.0%-5.25%	$ 57,645,000	$ 42,115,000	$ -	$ 4,760,000	$ 37,355,000
Election of 2012 (Measure GG)								
Series A	7/16/2013	8/1/2037	5.0%-6.25%	30,000,000	26,305,000	-	205,000	26,100,000
Refunding Bonds								
2016 Ref.	7/7/2016	10/1/2031	3.60%	42,485,000	40,740,000	-	2,180,000	38,560,000
				Totals	$ 109,160,000	$ -	$ 7,145,000	$ 102,015,000

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)
The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2018-19	$ 7,270,000	$ 4,572,880	$ 11,842,880
2019-20	7,330,000	4,240,870	11,570,870
2020-21	7,495,000	3,898,552	11,393,552
2021-22	7,550,000	3,546,350	11,096,350
2022-23	7,625,000	3,192,420	10,817,420
2023-28	33,080,000	10,823,708	43,903,708
2028-33	19,410,000	5,345,935	24,755,935
2033-38	12,255,000	1,938,613	14,193,613
Total	$ 102,015,000	$ 37,559,328	$ 139,574,328

B. Certificates of Participation and Lease Revenue Bonds
In September 2001, the Inglewood School District issued COPs in one series along with the Compton Community College District, El Monte Union High School District, and Glendale Community College District. The 2001 Series A COPs represent direct and proportionate undivided interests of the owners thereof in the lease payment to be made by the lessees. The District entered into an agreement to make base rental payments to service the debt of the COPs.

The annual requirements to amortize all certificates are as follows:

Fiscal Year	Principal	Interest	Total
2018-19	$ 55,000	$ 69,263	$ 124,263
2019-20	55,000	66,650	121,650
2020-21	60,000	63,881	123,881
2021-22	65,000	60,834	125,834
2022-23	65,000	57,625	122,625
2023-28	385,000	233,625	618,625
2028-33	500,000	123,750	623,750
2033-35	235,000	11,875	246,875
Total	$ 1,420,000	$ 687,503	$ 2,107,503

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

C. Supplemental Retirement Plan

The District has adopted a supplemental employee retirement plan (SERP) to provide a supplemental retirement annuity to eligible employees of the District. The plan offered through the Supplemental Employee Retirement Plan has an outstanding balance as of June 30, 2018 of $1,509,915. Future premium payments are due as follows:

Fiscal Year	Amount
2018-19	$ 301,983
2019-20	301,983
2020-21	301,983
2021-22	301,983
2022-23	301,983
Total	$ 1,509,915

D. State Apportionment Loan

On September 14, 2012, Senate Bill 533 was enacted. This legislation appropriates up to $29,000,000 from the General Fund to the state superintendent for apportionment as an emergency loan to the District, and specifies procedures for repayment of the loan unless the loan has been refinanced. It also authorizes the District to augment the emergency apportionment or loan with an additional $26,000,000 of bank financing. The legislation requires the District to repay the loan, including interest calculated at a rate equal to the rate earned by the State's Pooled Money Investment account on the effective date of Senate Bill 533. The bill provides that the loan be repaid over a 20-year period. The outstanding balance of the State Apportionment Loan at June 30, 2018, was $24,279,726.

The outstanding state apportionment debt of the District as of June 30, 2018, is as follows:

Fiscal Year	Principal	Interest	Total
2018-19	$ 1,271,851	$ 560,133	$ 1,831,984
2019-20	1,301,192	530,792	1,831,984
2020-21	1,331,211	500,773	1,831,984
2021-22	1,361,922	470,062	1,831,984
2022-23	1,393,341	438,643	1,831,984
2023-28	7,463,963	1,695,957	9,159,920
2028-33	8,365,583	794,337	9,159,920
2033-34	1,790,663	41,321	1,831,984
Total	$ 24,279,726	$ 5,032,018	$ 29,311,744

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

E. Capital Leases

The District has entered into an agreement to lease copiers and related equipment valued at $672,093. The agreement is, in substance, a purchase (capital lease) and is reported as a capital lease obligation. The District's liability on lease agreements with options to purchase is summarized below:

Fiscal Year	Principal	Interest	Total
2018-19	$ 132,295	$ 5,568	$ 137,863
2019-20	133,624	4,239	137,863
2020-21	134,966	2,897	137,863
2021-22	136,322	1,541	137,863
2022-23	80,152	267	80,419
Total	$ 617,359	$ 14,512	$ 631,871

The District will receive no sublease rental revenues nor pay any contingent rentals for the equipment.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District administers a single-employer defined benefit plan, post-employment medical benefit plan for qualified employees. In addition, some qualified certificated employees are participants in the MPP Program, a cost-sharing defined benefit program administered through CalSTRS.

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 22,328,167	$ 2,773,292	$ 572,638	$ 1,583,168
Medicare Premium Payment (MPP) Program	904,522	-	-	-
Total	$ 23,232,689	$ 2,773,292	$ 572,638	$ 1,583,168

<u>**District Plan**</u>

Plan Description

The District administers a single-employer defined-benefit health care plan, the Postemployment Medical Benefits Plan. The District offers medical and prescription drug benefits to its employees and retirees. Retirees under age 65 have the same rate structure as active employees. The medical plans consist of a Kaiser Permanente Health Maintenance Organization plan, and two Blue Shield Preferred Provider Organization options. Management Certificated and Classified employees who have attained age 55 and have completed at least 20 years of service with the District are eligible to retire and receive a District-paid contribution equal to the cost of medical/prescription coverage under one of the available District options. Participants who retired prior to January 1, 2016, receive a District contribution subject to the respective tiers of the Kaiser Permanente plan. For retirements on or after January 1, 2016, the District contribution is limited to the Kaiser Permanente single rate of coverage.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Plan Description (continued)
District-paid benefits end at age 65. Retirees with less than the requisite age/service requirements, or who have attained age 65 or greater, may continue coverage by self-paying any required premiums. Management employees follow the same rules as non-Management, described above. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated annually. The Postemployment Medical Benefits Plan does not issue a separate financial report.

Employees Covered by Benefit Terms
At July 1, 2017, the following employees were covered by the benefit terms:

Inactive plan members currently receiving benefits	46
Active plan members	972
Total	1,018

Funding Policy
The contribution requirements of Plan members and the District are established and may be amended by the District and District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. As of June 30, 2018, the District had not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors.

For the fiscal year ended June 30, 2018, the District paid $2,773,292 for retiree premium costs, which are recognized as deferred outflows for contributions made after the measurement date and includes an implicit rate subsidy of $1,264,674 (1.8383%).

Total OPEB Liability
The District's Total OPEB Liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2017 (June 30, 2017). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions and other inputs
The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age, level percent of pay
Salary Increases	3.00%
Healthcare Cost Trend Rate	5% for 2018 and later years

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Actuarial assumptions and other inputs (continued)
Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of Plan experience during the period of July 1, 2012, through June 30, 2017.

Discount rate
GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	4.00%	3.13%	3.13%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 24,090,929
Changes for the year:	
Service cost	1,036,623
Interest	615,538
Changes of assumptions	(641,631)
Benefit payments	(2,773,292)
Net changes	(1,762,762)
Balance at June 30, 2018	$ 22,328,167

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Sensitivity of the total OPEB liability to changes in the discount rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.13%)	Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability (asset)	$ 23,854,574	$ 22,328,167	$ 20,813,764

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liability (asset)	$ 19,874,217	$ 22,328,167	$ 25,188,684

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2018, the District recognized OPEB expense of $1,583,168. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 572,638
District contributions subsequent to the measurement date of the total OPEB liability	2,773,292	-
Total	$ 2,773,292	$ 572,638

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of the total OPEB liability will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amounts
2019	$ (68,993)
2020	(68,993)
2021	(68,993)
2022	(68,993)
2023	(68,993)
Thereafter	(227,673)

Medicare Premium Payment (MPP) Program

Plan Description and Eligibility

The Medicare Premium Payment Program is a cost-sharing multiple-employer other postemployment benefit plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program, through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program, State Teachers Retirement Plan (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any monies remaining within the MPP Program as of June 30, 2018, was to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for FY 2016-17 were $29.1 million.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Funding Policy (continued)
Because amounts credited to the MPP Program are deducted from the employer's regular STRP contributions, there are no contribution rates specific to the MPP Plan. Employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers. Employer contributions are accrued when required by statute, and the employer has made a formal commitment to provide the contributions. Cash remittances of contributions due are received from employers prior to their reports of creditable earnings by member. As a result, CalSTRS accrues employer contributions due monthly using current contribution rates and estimates based on historical creditable compensation. CalSTRS recognizes MPP Program expenses when due and payable.

Net OPEB Liability
As of June 30, 2018, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position, and net OPEB liability as follows:

Proportionate Share of OPEB Liability	Balance June 30, 2018
Total share of OPEB liability	$ 904,611
Plan fiduciary net position	(89)
Net OPEB liability	$ 904,522

Given the nature of the MPP Program, not all employers have eligible participants. The program is also closed to any members retired after July 1, 2012. As such, the District elected to calculate its proportionate share based on Schedule D of the audited proportionate share schedules of the MPP Program. This schedule presents current-year Medicare Part A premiums and Medicare Part A and B surcharges paid or payable to the CMS. Medicare premiums and surcharges paid or payable to CMS are aggregated for eligible program beneficiaries based on their last contributing employer prior to retirement to establish the basis of the proportionate share calculation. At June 30, 2017, the District's proportion was 0.215 percent.

Actuarial Methods and Assumptions
The June 30, 2018 total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the following assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Experience Study	July 1, 2010 through June 30, 2015
Investment Rate of Return	3.58%
Medicare Part A Premium Costs Trend Rate	3.70%
Medicare Part B Premium Costs Trend Rate	4.10%

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Methods and Assumptions (continued)
In addition, assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the member's age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this calculation, the estimated number of future enrollments used in the financial reporting valuation was 571, or an average of 0.32 percent of the potentially eligible population (177,763).

For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in projected increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among plan members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate
The discount rate used to measure the total OPEB liability as of June 30, 2017, and June 30, 2016, was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and June 30, 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Discount Rate (continued)
The following table presents the net OPEB liability of employers as of June 30, 2017, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability (asset)	$ 810,317	$ 904,522	$ 990,801

Medicare Costs Trend Rate
The June 30, 2016, valuation uses the 2017 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 3.7 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 4.1 percent increase each year.

The following table presents, as of June 30, 2017, the net OPEB liability of employers using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower and one percent higher than the current rate:

	1% Decrease (2.7% Part A; 3.1% Part B)	Trend Rate (3.7% Part A; 4.1% Part B)	1% Increase (4.7% Part A; 5.1% Part B)
Net OPEB liability (asset)	$ 817,375	$ 904,522	$ 990,801

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows Related to OPEB
For the year ended June 30, 2018, the District recognized no change to OPEB expense.

Deferred outflows of resources are the consumption of net position by CalSTRS that is applicable to future reporting periods. As the MPP Program is a retiree-only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense in the current period. The net deferred inflows and outflows relating to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. As of June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to the MPP Program are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability
Detailed information about the MPP Program net OPEB liability is available in a separate financial report available on the CalSTRS website. Copies of the CalSTRS annual financial report may also be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, California 95826.

NOTE 9 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 78,676,552	$ 21,152,984	$ 10,611,064	$ 8,710,045
CalPERS	28,990,017	8,685,131	2,172,612	5,274,707
Total	$ 107,666,569	$ 29,838,115	$ 12,783,676	$ 13,984,752

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

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

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Benefits Provided (continued)
The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	9.205%
Required Employer Contribution Rate	14.43%	14.43%
Required State Contribution Rate	9.328%	9.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $6,286,280.

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

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	78,676,552
State's proportionate share of the net pension liability associated with the District		18,374,014
Total	$	97,050,566

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	Change Increase/ (Decrease)
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.085074%	0.089000%	-0.003926%

For the year ended June 30, 2018, the District recognized pension expense of $8,710,045. In addition, the District recognized pension expense and revenue of $829,428 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,286,280	$ -
Net change in proportionate share of net pension liability	-	7,143,442
Difference between projected and actual earnings on pension plan investments	-	2,095,376
Changes of assumptions	14,575,750	-
Differences between expected and actual experience in the measurement of the total pension liability	290,954	1,372,246
Total	$ 21,152,984	$ 10,611,064

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows)
2019	$ (637,494)
2020	2,422,622
2021	1,294,539
2022	(757,449)
2023	1,263,062
Thereafter	670,360
Total	$ 4,255,640

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%

Discount Rate
The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate		**Net Pension Liability**
1% decrease (6.10%)	$	115,522,157
Current discount rate (7.10%)		78,676,552
1% increase (8.10%)		48,773,848

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $3,785,055 (9.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures. On behalf payments have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

B. California Public Employees Retirement System (CalPERS)

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

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

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

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided (continued)

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.00%
Required Employer Contribution Rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $2,409,234.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $28,990,017. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	Change Increase/ (Decrease)
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.121436%	0.127400%	-0.005964%

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the District recognized pension expense of $5,274,707. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,409,234	$ -
Net change in proportionate share of net pension liability	-	1,831,290
Difference between projected and actual earnings on pension plan investments	1,002,856	-
Changes of assumptions	4,234,448	341,322
Differences between expected and actual experience in the measurement of the total pension liability	1,038,593	-
Total	$ 8,685,131	$ 2,172,612

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows)
2019	$ 947,226
2020	2,189,471
2021	1,760,708
2022	(794,120)
2023	-
Thereafter	-
Total	$ 4,103,285

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvements, using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administration expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	5.38%
Fixed Income	19%	2.27%
Inflation Assets	6%	1.39%
Private Equity	12%	6.63%
Real Estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 42,653,605
Current discount rate (7.15%)	28,990,017
1% increase (8.15%)	17,654,927

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2018, the District reported payables of $727,006 and $170,569 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2018.

NOTE 10 – JOINT VENTURES

The District participates in JPAs with the Schools Excess Liability Fund, the purpose of which is to provide excess general liability coverage; the ASCIP, the purpose of which is to provide the excess cost for excess general liability and property coverage; and the Southern California Regional Occupational Center, the purpose of which is to provide vocational education classes for the students of its member Districts. The relationship between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

These JPAs have budgeting and financial reporting requirements independent of the member units, and their financial statements are not presented in these financial statements.

NOTE 11 – RISK MANAGEMENT

Description
The District's risk management activities are recorded in the General and Self-Insurance Funds. Property and liability insurance is provided through a JPA, Alliance of Schools for Cooperative Insurance Programs (ASCIP), and employee health and welfare insurance is provided by the California Schools Voluntary Benefits Association. Refer to Note 10 for additional information regarding the JPAs.

Claims Liability
The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liability
The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2016 to June 30, 2018:

	Workers' Compensation
Liability Balance, July 1, 2016	$ 11,898,000
Claims and changes in estimates	(78,616)
Claims payments	(2,844,327)
Liability Balance, June 30, 2017	8,975,057
Claims and changes in estimates	3,203,435
Claims payments	(3,970,415)
Liability Balance, June 30, 2018	$ 8,208,077
Assets available to pay claims at June 30, 2018	$ 7,414,003

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants
The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments
As of June 30, 2018, the District had commitments with respect to unfinished capital projects of $533,131.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2018.

NOTE 13 – RESTATEMENTS

During the year, the following adjustments were made to beginning fund balances and net position:

Restatements	General Fund	Cafeteria Fund	Building Fund	Totals
Adjustment to repay Cafeteria Fund from prior audit findings	$ (198,806)	$ 198,806	$ -	$ -
Adjustments to correct accounts receivable	(83,230)	-	-	(83,230)
Adjustments to correct accounts payable	(26,636)	-	26,636	-
All other adjustments	(499,096)	-	95,625	(403,471)
Total restatements	$ (807,768)	$ 198,806	$ 122,261	$ (486,701)

NOTE 14 – SUBSEQUENT EVENTS

The District has reviewed all events occurring from June 30, 2018, through July 23, 2019, the date on which the financial statements were issued. There are no subsequent events requiring accrual or disclosure, other than the items listed below:

- The District issued $30 million in General Obligation Bonds, Series B, on August 23, 2018, to finance the acquisition, construction, modernization, and equipping of certain District sites and facilities. The bonds were authorized by the election of 2012. The bonds are to be repaid over 20 years.

- On September 17, 2018, the Governor signed AB 1840 into law. This bill specifies that beginning with FY 2019-20, the State's Budget Act will include an appropriation for Inglewood Unified School District in the following amounts:

  - For FY 2019-20, up to 75 percent of the District's projected operating deficit

  - For FY 2020-21, up to 50 percent of the District's projected operating deficit

  - For FY 2021-22, up to 25 percent of the District's projected operating deficit

  AB 1840 states that the District's projected deficit will be determined by the County Office of Education and the Fiscal Crisis Management Assistance Team, in concurrence with the Department of Finance. The bill also stipulates that the disbursement of funds from those apportionments would be contingent upon the completion of activities to improve the District's fiscal solvency as specified in the bill.

Required Supplementary Information

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INGLEWOOD UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual*	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 109,153,024	$ 110,851,026	$ 97,162,836	$ (13,688,190)
Federal Sources	81,268	81,268	9,725,742	9,644,474
Other State Sources	9,115,126	9,732,562	14,396,518	4,663,956
Other Local Sources	1,043,487	1,502,289	3,056,155	1,553,866
Total Revenues	119,392,905	122,167,145	124,341,251	2,174,106
Expenditures				
Current:				
Certificated Salaries	44,810,579	44,940,640	43,664,756	1,275,884
Classified Salaries	16,416,610	15,997,755	15,288,831	708,924
Employee Benefits	28,956,091	29,884,116	29,880,018	4,098
Books and Supplies	5,292,358	5,352,507	4,561,484	791,023
Services and Other Operating Expenditures	22,699,531	25,647,870	26,465,613	(817,743)
Transfers of indirect costs	(293,757)	(293,757)	(282,200)	(11,557)
Capital Outlay	92,502	606,075	1,312,301	(706,226)
Other Outgo	9,553,895	9,031,466	8,651,078	380,388
Total Expenditures	127,527,809	131,166,672	129,541,881	1,624,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,134,904)	(8,999,527)	(5,200,630)	3,798,897
Other Financing Sources and Uses				
Issuance of debt - capital lease	-	-	672,093	672,093
Total Other Financing Sources and Uses	-	-	672,093	672,093
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses	(8,134,904)	(8,999,527)	(4,528,537)	4,470,990
Fund Balance, July 1, 2017, restated	10,371,443	10,371,443	10,371,443	-
Fund Balance, June 30, 2018	$ 2,236,539	$ 1,371,916	$ 5,842,906	$ 4,470,990

*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2016-17	2015-16	2014-15	2013-14
CalSTRS				
District's proportion of the net pension liability	0.0851%	0.0890%	0.0980%	0.0950%
District's proportionate share of the net pension liability	$ 78,676,552	$ 71,984,090	$ 65,977,520	$ 55,515,150
State's proportionate share of the net pension liability associated with the District	18,374,014	40,985,292	34,894,741	33,522,781
Totals	$ 97,050,566	$ 112,969,382	$ 100,872,261	$ 89,037,931
District's covered-employee payroll	$ 44,675,636	$ 46,481,191	$ 45,015,712	$ 44,030,243
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.11%	154.87%	146.57%	126.08%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.1214%	0.1274%	0.1270%	0.1390%
District's proportionate share of the net pension liability	$ 28,990,017	$ 25,161,578	$ 18,734,664	$ 15,782,590
District's covered-employee payroll	$ 15,628,730	$ 16,180,352	$ 16,166,265	$ 16,950,102
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.49%	155.51%	115.89%	93.11%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms
A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

Change of Assumptions and Methods
CalSTRS:
The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2010 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tables.

CalPERS:
In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

INGLEWOOD UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2017-18	2016-17	2015-16	2014-15
CalSTRS				
Contractually required contribution	$ 6,286,280	$ 5,620,195	$ 4,934,799	$ 3,939,142
Contributions in relation to the contractually required contribution	6,286,280	5,620,195	4,933,295	3,947,957
Contribution deficiency (excess):	$ -	$ -	$ 1,504	$ (8,815)
District's covered-employee payroll	$ 43,563,964	$ 44,675,636	$ 46,481,191	$ 45,015,712
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.61%	8.77%
CalPERS				
Contractually required contribution	$ 2,409,234	$ 2,170,519	$ 1,826,709	$ 1,677,590
Contributions in relation to the contractually required contribution	2,409,234	2,170,519	1,833,928	1,658,742
Contribution deficiency (excess):	$ -	$ -	$ (7,219)	$ 18,848
District's covered-employee payroll	$ 15,512,420	$ 15,628,730	$ 16,180,352	$ 16,166,265
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.334%	10.261%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

INGLEWOOD UNIFIED SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2017-18	2016-17
Total OPEB liability		
Service cost	$ 1,036,623	$ 1,006,430
Interest	615,538	608,403
Changes of assumptions	(641,631)	-
Benefit payments	(2,773,292)	(2,735,780)
Net change in total OPEB liability	(1,762,762)	(1,120,947)
Total OPEB liability - beginning	24,090,929	25,211,876
Total OPEB liability - ending	$ 22,328,167	$ 24,090,929
Covered-employee payroll	$ 63,506,966	$ 65,613,185
District's net OPEB liability as a percentage of covered-employee payroll	35.16%	36.72%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

INGLEWOOD UNIFIED SCHOOL DISTRICT

Schedule of Changes in the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2017-18	2016-17
District's proportion of the net OPEB liability	0.215%	0.215%
District's proportionate share of the net OPEB liability	$ 904,522	$ 904,522
District's covered-employee payroll*	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%	0.01%

Other information:

As of June 30, 2012, active employees are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Proportionate Share of the Net Pension Liability

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

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

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

Schedule of Pension Contributions

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

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

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

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

Changes of assumptions – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life.

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

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

Changes of assumptions – The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Category - General Fund	Excess Expenditures
Services and other operating expenditures	$ 817,743
Capital outlay	706,226
Transfers of indirect costs	11,557

Supplementary Information

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The Inglewood Unified School District (District) was established in 1954, and is comprised of an area of approximately nine square miles located in Los Angeles County. There were no changes in the boundaries of the District during the current year. The District consists of ten transitional kindergarten (TK)-6 and two TK-8 elementary schools. There are two middle schools (grades 6-8), and four high schools (grades 9-12), one of which serves as a continuation high school. There are also charter schools, adult education programs, and child-development programs within the District.

In November 2012, a State Administrator was appointed and granted authority to carry out the responsibilities formerly handled by the Board of Trustees.

BOARD OF TRUSTEES

Member	Office	Term Expires
Margaret Evans, M.A.	President	April 2020
D'Artagnan Scorza, Ph.D.	Vice President	April 2020
Carliss McGhee, Ph.D.	Member	April 2022
Dionne Young Faulk, J.D.	Member	April 2022
Melody Ngaue-Tuuholoaki [1]	Member	April 2020

DISTRICT ADMINISTRATORS

Thelma Melendez de Santa Ana, Ph.D.
State Administrator

Dr. Carmen Beck,
Chief Academic Officer

Nora Roque,
Executive Director, Human Resources

Eugenio Villa,
Chief Business Official

[1] On March 13, 2019, Alice B. Grigsby, M.P.A. was appointed to the vacant board seat.

INGLEWOOD UNIFIED SCHOOL DISTRICT

	Second Period Report Certificate No. (454949E4)	Annual Report Certificate No. (35D06402)
Regular ADA:		
TK and grades K-3	2,915.49	2,920.21
Grades 4-6	2,104.12	2,099.40
Grades 7-8	1,084.95	1,084.55
Grades 9-12	1,897.44	1,897.44
Total Regular ADA	8,002.00	8,001.60
Special Education, Nonpublic, Nonsectarian Schools:		
TK and grades K-3	31.88	28.42
Grades 4-6	19.09	16.79
Grades 7-8	13.15	12.37
Grades 9-12	60.21	53.10
Total Special Education ADA	124.33	110.68
Total ADA	8,126.33	8,112.28

LA TIJERA CHARTER SCHOOL*

	Second Period Report Certificate No. (6631E44B)	Annual Report Certificate No. (70E4A782)
Classroom-based ADA:		
TK and grades K-3	302.23	302.81
Grades 4-6	163.07	162.64
Grades 7-8	204.18	203.90
Total Classroom-based ADA	669.48	669.35

**All charter school ADA is generated through classroom-based instruction.*

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

INGLEWOOD UNIFIED SCHOOL DISTRICT				
Grade Level	**Requirement**	**2017-18 Actual Minutes**	**Number of Days Traditional Calendar**	**Status**
Kindergarten	36,000	54,000	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	50,400	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	55,800	180	Complied
Grade 8	54,000	55,800	180	Complied
Grade 9	64,800	64,836	180	Complied
Grade 10	64,800	64,836	180	Complied
Grade 11	64,800	64,836	180	Complied
Grade 12	64,800	64,836	180	Complied

LA TIJERA CHARTER SCHOOL				
Grade Level	**Requirement**	**2017-18 Actual Minutes**	**Number of Days Traditional Calendar**	**Status**
Kindergarten	36,000	54,000	180	Complied
Grade 1	50,400	50,400	180	Complied
Grade 2	50,400	50,400	180	Complied
Grade 3	50,400	50,400	180	Complied
Grade 4	54,000	54,000	180	Complied
Grade 5	54,000	54,000	180	Complied
Grade 6	54,000	54,000	180	Complied
Grade 7	54,000	57,600	180	Complied
Grade 8	54,000	57,600	180	Complied

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund	(Budget) 2018-19 [2]	2017-18 [3]	2016-17	2015-16
Revenues and other financing sources	$ 119,858,517	$ 125,013,344	$ 131,933,528	$ 133,577,897
Expenditures and other financing uses	119,265,227	129,541,881	131,950,571	131,757,877
Change in fund balance (deficit)	593,290	(4,528,537)	(17,043)	1,820,020
Ending fund balance	$ 6,436,196	$ 5,842,906	$ 11,178,826	$ 11,195,869
Available reserves [1]	$ 4,383,233	$ 2,212,735	$ 7,441,227	$ 3,375,297
Available reserves as a percentage of total outgo	3.7%	1.7%	5.6%	2.6%
Total long-term debt	$ 263,248,404	$ 272,699,458	$ 272,433,549	$ 263,487,155
Average daily attendance at P-2	7,681	8,126	8,663	9,373

The General Fund balance has decreased by $5.3 million over the past two years. The fiscal year 2018-19 adopted budget projects an increase of $0.6 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, but anticipates incurring an operating surplus during the 2018-19 fiscal year. Long-term debt has increased by $9.2 million over the past two years.

Average daily attendance has decreased by 1,247 over the past two years. A decrease of 445 ADA is anticipated during fiscal year 2018-19.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] Revised budget September, 2018.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2018

	General Fund	Adult Education Fund	Deferred Maintenance Fund	Cafeteria Fund	Self-Insurance Fund
June 30, 2018, annual financial and budget report (SACS) fund balance/net position	$ 6,685,954	$ 350,211	$ 490,455	$ 2,952,292	$ 1,398,734
Adjustments and reclassifications:					
Increasing (decreasing) the fund balance:					
Fund balance transfer (GASB 54)	840,666	(350,211)	(490,455)	-	-
Cash overstated	-	-	-	-	(2,504,068)
Accounts receivable understated	748,281	-	-	-	-
Accounts receivable overstated	(695,582)	-	-	-	-
Inventory understated	-	-	-	5,065	-
Accounts payable understated	(895,747)	-	-	-	-
Net adjustments and reclassifications	(2,382)	(350,211)	(490,455)	5,065	(2,504,068)
June 30, 2018, audited financial statement fund balance/ net position	$ 6,683,572	$ -	$ -	$ 2,957,357	$ (1,105,334)

INGLEWOOD UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
U.S.Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster				
School Breakfast Program - Especially Needy	10.553	13526	$ 774,551	
National School Lunch Program	10.555	13523	3,254,224	
USDA Donated Foods	10.555	N/A	362,837	
Total Child Nutrition Cluster				$ 4,391,612
Total U.S.Department of Agriculture				4,391,612
U.S. Department of Defense:				
Passed through California Dept. of Education (CDE):				
Army Junior Reserve Officer Training Corps (ROTC)	12.030	N/A		63,510
Total U.S. Department of Defense				63,510
U.S.Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education (ABE):				
Adult Basic Education & ESL	84.002	14508	43,673	
Adult Secondary Education	84.002	13978	17,691	
Total Adult Basic Education (ABE)				61,364
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		5,657,695
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		823,769
Title III, Limited English Proficiency	84.365	14346		260,200
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster (IDEA)				
Local Assistance Entitlement	84.027	13379	1,849,027	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	214,256	
Mental Health Allocation Plan	84.027	15197	259,284	
Preschool Local Entitlement, Part B	84.027A	13682	426,518	
Total Special Education (IDEA) Cluster				2,749,085
Carl Perkins Act, Part C Cluster				
Cal Perkins Act - Adult	84.048	14893	5,721	
Cal Perkins Act - Secondary	84.048	14894	98,196	
Total Carl Perkins Act, Part C Cluster				103,917
Total U.S.Department of Education				9,656,030
U.S.Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medi-Cal Billing Option	93.778	10013		50,506
Total U.S. Department of Health & Human Services				50,506
Total Expenditures of Federal Awards				$ 14,161,658

INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2018

Charter School		
Name	**Status**	**Inclusion in Financial Statements**
La Tijera K-8 Academy of Excellence	Active	Included
Animo Inglewood Charter High	Active	Not included
Children of Promise Preparatory Academy	Active	Not included
Grace Hopper STEM Academy	Active	Not included
ICEF Inglewood Elementary Charter Academy	Active	Not included
ICEF Inglewood Middle Charter Academy	Active	Not included
Today's Fresh Start Charter School Inglewood	Active	Not included
Wilder's Preparatory Academy Charter	Active	Not included
Wilder's Preparatory Academy Charter Middle	Active	Not included

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Instructional Time
The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 14,159,553
Differences between Federal Revenues and Expenditures:		
Medi-Cal Billing Option	93.778	(7,863)
Army Junior Reserve Officer Training Corps (ROTC)	12.030	(5,396)
Title I, Part G, Advanced Placement Test Fees	84.330	(4,821)
Investing in Innovation Fund (i3)	84.411C	(4,700)
Other	-	24,885
Total Schedule of Expenditures of Federal Awards		$ 14,161,658

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Charter Schools
This schedule lists all charter schools chartered by the District, and displays information for each charter school and whether or not the charter school is included in the District audit.

Other Independent Auditors' Reports

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

Thelma Melendez de Santa Ana, Ph.D., State Administrator
Inglewood Unified School District
Inglewood, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Inglewood Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Inglewood Unified School District's basic financial statements, and have issued our report thereon dated July 23, 2019. The report on the financial statements was qualified for the following reasons:

Because the District's accounting records were inadequate and certain supporting documents were not available, we were unable to obtain sufficient appropriate audit evidence supporting the amounts at which the capital assets and related accumulated depreciation are reported in the accompanying financial statements of $269,725,287 and $70,024,283, respectively, as of June 30, 2018.

Because the District's accounting records were inadequate and certain supporting documents were not available, we were unable to obtain sufficient appropriate audit evidence supporting the amount at which the compensated absences liability is reported in the accompanying financial statements of $555,318, as of June 30, 2018.

The District lacked sufficient accounting records to present the statement of fiduciary net position for the agency funds associated with student body funds for the year ended June 30, 2018. Presentation of such statements identifying the assets and liabilities of the funds is required by accounting principles generally accepted in the United States of America. The omission of statement of fiduciary net position for the agency funds associated with the Associated Student Body Fund results in an incomplete presentation, as stated above.

We were unable to identify $45,386 and $96,772 of accounts receivable in the General Fund and the Child Development Fund, respectively, totaling $142,158 at June 30, 2018, and were unable to obtain sufficient appropriate audit evidence about those accounts receivable by other auditing procedures.

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

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Internal Control Over Financial Reporting (continued)
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2018-002 through 2018-008 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2018-001, 2008-009, and 2018-010 to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Inglewood Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-011 through 2018-022.

Inglewood Unified School District's Responses to Findings
Inglewood Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Inglewood Unified School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Nigro & Nigro, PC

Murrieta, California
July 23, 2019

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Thelma Melendez de Santa Ana, Ph.D., State Administrator
Inglewood Unified School District
Inglewood, California

Report on State Compliance
We have audited Inglewood Unified School District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Inglewood Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Inglewood Unified School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Inglewood Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

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Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study because the ADA was under the level that requires testing.

Basis for Qualified Opinion on Compliance with State Laws and Regulations
As described in Findings 2018-014 through 2018-022 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the California Education Code and California Code of Regulations that are applicable to Attendance Reporting, Independent Study, Ratios of Administrative Employees to Teachers, Classroom Teacher Salaries, School Accountability Report Card, After School Education and Safety Program, Unduplicated Pupil Counts, Local Control and Accountability Plan, and Charter Schools. Compliance with such requirements is necessary, in our opinion, for the District to comply with the state laws and regulations applicable to these programs.

Qualified Opinion on Compliance with State Laws and Regulations
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the State laws and regulations referred to above that are applicable to the District for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other State Programs
In our opinion, the District complied, in all material respects, with the other state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2018.

Other Matters
The District's responses to the noncompliance identified in our audit are described in the accompanying schedule of findings and questioned costs as Findings 2018-014 through 2018-022. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Nigro & Nigro, PC

Murrieta, California
July 23, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Thelma Melendez de Santa Ana, Ph.D., State Administrator
Inglewood Unified School District
Inglewood, California

Report on Compliance for Each Major Federal Program
We have audited Inglewood Unified School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Inglewood Unified School District's major federal programs for the year ended June 30, 2018. Inglewood Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Inglewood Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Inglewood Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Each of the Following Major Programs: Title I—Basic Grant, Special Education—Individuals with Disabilities Education Act, Title II—Supporting Effective Instruction
As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Title I—Basic Grant, Special Education—Individuals with Disabilities Education Act (IDEA), or Title II—Supporting Effective Instruction (see table below). Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to each major program.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Peter Glenn, CPA | Paul J. Kaymark, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

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Finding	CFDA	Program	Compliance Requirement
2018-011	84.010	Title I – Basic Grants	Allowable Activities and Costs
2018-011	84.027	Special Education	Allowable Activities and Costs
2018-011	84.367	Title II – Supporting Effective Instruction	Allowable Activities and Costs
2018-013	84.010	Title I – Basic Grants	Equipment and Real Property Management

Qualified Opinion on Each of the Following Major Programs: Title I—Basic Grant, Special Education, Title II—Supporting Effective Instruction

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Title I—Basic Grant, Special Education, and Title II—Supporting Effective Instruction for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2018-012. Our opinion on each major federal program is not modified with respect to these matters.

Inglewood Unified School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Inglewood Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see Findings 2018-011 and 2018-013) to be material weaknesses.

Report on Internal Control Over Compliance (continued)
A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (see Finding 2018-012) to be significant deficiencies.

Inglewood Unified School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Inglewood Unified School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Nigro & Nigro, PC

Murrieta, California
July 23, 2019

Findings and Questioned Costs

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INGLEWOOD UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010	Title I - Basic Grant
84.027, 84.173	Special Education (IDEA) Cluster
84.367	Title II - Supporting Effective Instruction Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

State Awards

Type of auditors' report issued on compliance for state programs:	Qualified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING 2018-001: FISCAL CHALLENGES (30000, 60000)
This is a partial repeat of Finding 2017-001.

Criteria: Education Code 42127(f)(1) requires the budget to comply with standards and criteria adopted by the State Board, and should be consistent with a financial plan that enables the District to satisfy its multiyear financial commitments. State criteria and standards require that available reserves be no less than 3% for districts of this size.

Condition: The District faces fiscal challenges that must be closely monitored in order to prevent the District from becoming insolvent in the near future. These challenges include:

- Budget projections indicating that the District will only maintain a 3% reserve level if certain revenue relief is received and significant budget cuts are implemented.
- A qualified certification filed by the District for the first and second interim periods for FY 2018-19.
- Federal and State audit findings with related questioned costs and penalties
- A declining student population, resulting in decreasing revenues
- Special education costs have continued to rise at an unsustainable level, and
- Rising costs of employee healthcare benefits and pensions

Cause: There was a long history of a lack of oversight and leadership in the District, which has only been addressed within the last two years. While progress is being made towards fiscal solvency, the current administration will continue to face mounting challenges. Also, the District, like many in the County, continues to suffer from declining enrollment. Furthermore, the District will have to address the rising cost of providing special education services, health and welfare benefits to employees, as well increasing pension contributions for STRS and PERS.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-001: FISCAL CHALLENGES (30000, 60000) (continued)

Effect: Without the fiscal relief of Assembly Bill 1840, the District's continued deficit spending, non-compliance with state and federal requirements, and decline in student enrollment could result in future going concerns if not closely monitored and resolved.

Recommendation: Continue working with FCMAT and LACOE to help identify necessary budget cuts. Identify assets, including real property, that can be sold to generate revenue. Work with the Educational Services department to identify methods that can be implemented to help reduce the declining enrollment. Comply with State and federal funding requirements to avoid or minimize questioned costs and penalties for noncompliance. Finally, continue to pursue legislative relief in the form of deferred repayment of State loans and additional apportionments.

District Response: The District has been working closely with FCMAT, LACOE, and other state agencies to address the systemic deficiencies that have led to the district's fiscal challenges. In addition, the district has developed and is implementing a plan for school closures, making budget reductions, leasing or developing of properties, and meeting the requirements to remain eligible for additional state revenues from AB 1840. The district continues to improve student outcomes, the district's instructional programs, the perceived safety of schools, and the overall desirability of the district's schools and programs in order to reduce or reverse the decline in student enrollment.

FINDING 2018-002: CAPITAL ASSETS REPORTING (20000, 30000)
This is a partial repeat of Finding 2017-002.

Criteria: Education Code 35168 requires LEAs to maintain a historical inventory of all equipment whose current market value exceeds $500. Federal regulations also require government agencies to maintain detailed inventory records for all equipment purchased with federal funds. Furthermore, the California School Accounting Manual (CSAM) describes policies and procedures that should be adopted and implemented by LEAs in order to maintain a detailed inventory of capital assets. Finally, Governmental Accounting Standards Board (GASB) Statement No.34 requires presentation of all capital assets at historical cost in addition to an annual allowance for depreciation in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America.

Condition: During our review of the District's capital assets, we noted the following deficiencies:

- The District was unable to provide adequate source records to support that the District has ownership rights to buildings, land, and land improvements, or that the balance of $192,218,278 reported for these assets on Form ASSET reflects historical cost. We reviewed the District's two most recent capital assets valuation reports. The most recent valuation report was issued for the year ended June 30, 2015. The previous valuation report was issued for the year ended June 30, 2013. The valuation report for the year ended June 30, 2015, carried over the value of the buildings, land, and land improvements from the previous valuation report issued for the year ended June 30, 2013. We reviewed the engagement scope of the valuation report dated June 30, 2013, and noted that the appraisal firm did not inventory, or verify the existence or ownership of, assets. The report indicated that the last inspection and inventory of the District's assets was completed on June 30, 2009. Based on the review of both asset valuation reports, it is evident that there was no review of the District's land, land improvements, and buildings for impairment, existence or ownership since June 30, 2009, eight years prior to the end of FY 2017-18.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-002: CAPITAL ASSETS REPORTING (20000, 30000) (continued)

- The District's increases and decreases to capital assets for the FY 2017-18 Form ASSET were not accurate. We reviewed the District's general ledger and noted that the District recorded $12,639,674 in capital expenditures. However, the Form ASSET did not reflect any increases or decreases to the Work in Progress account or any increases to the Building or Land Improvement accounts. In addition, the Form ASSET did not reflect any increases to accumulated depreciation, and the District did not maintain reliable schedules of construction projects in progress. Therefore, we are not able to determine whether the amounts reported for increases in capital assets reported on Form ASSET are accurate.

- The District's Form ASSET, which is used to report changes in capital assets and accumulated depreciation, was not accurate. We noted a variance of $1,019,971 between the ending net capital asset balance shown on the prior year's audit report and the beginning balance shown on the Form ASSET. The prior-year audit report showed that the net capital asset balance was $191,198,307 as of June 30, 2017, while the Form ASSET showed a beginning balance of $192,218,278.

Cause: The District has not had controls in place to ensure accurate records of additions, disposals, and depreciation for several years.

Effect: We are unable to confirm the amounts reported in the District's financial statements for capital assets, including depreciation. As a result, the District's capital assets are susceptible to theft or fraud, and are at risk of being materially misstated in the financial statements.

Recommendation: We recommend that the District hire an asset valuation company to perform a full inventory and valuation of capital assets. Additionally, we recommend that at the completion of the valuation the District design and implement controls to ensure that it has an accurate record of capital assets going forward and can properly calculate annual depreciation.

District Response: The District will hire an asset valuation company to perform a full inventory and valuation of capital assets as of June 30, 2019. The District is also hiring an accountant to ensure that policies and procedures are in place to record on the financial statements capital assets and the annual depreciation.

FINDING 2018-003: COMPENSATED ABSENCES LIABILITY REPORTING (30000)

This is a partial repeat of Finding 2017-004.

Criteria: Governmental Accounting Standards Board (GASB) Statement No.16 requires that the compensated absences liability be calculated based on the pay or salary rates in effect at the balance sheet date in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America. Furthermore, an additional amount should be accrued as a liability for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-003: COMPENSATED ABSENCES LIABILITY REPORTING (30000) (continued)

Condition: We were unable to verify the District's compensated absences liability because the source records provided by the District were not reliable. We selected a sample of eight employees and compared the District's vacation-tracking log to the compensated absence report, and noted that six out of eight sample employee records did not agree. Furthermore, there were two employees whose records we could not locate. Finally, the report did not properly calculate the liability at June 30, 2018 by multiplying the accrued vacation days by the employee's daily pay rate and adding a factor for salary-related benefits. As a result, we determined that the balances shown on the District's compensated absence liability report were not reliable.

Cause: The District lacks the resources necessary to prepare and maintain adequate accounting records for employee accrued vacation time.

Effect: The District's long-term liability for compensated absences is subject to material misstatement.

Recommendation: We recommend that the District assign the task of maintaining detailed employee absence and vacation records to an employee in the accounting department. The employee should then be trained on the proper method of accounting for the compensated absences liability at June 30, in accordance with GASB Statement No.16.

District Response: The District management will train Payroll staff on the proper method of accounting for the compensated employee absence records as of June 30, 2019. Policies and procedures will be in place to ensure compensated employee absence are accurately reported on the District's financial statements in subsequent years.

FINDING 2018-004: PAYROLL LIABILITY REPORTING (30000)
This is a partial repeat of Finding 2017-005.

Criteria: Generally accepted accounting principles (GAAP) require that the year-end accounts payable balance include all unpaid liabilities as of the date of the financial statements. Good internal controls and prudent business practices require the District to establish and implement policies and procedures to ensure that:

- Payroll accounts are properly reconciled, and its employee benefit expenditures are monitored to ensure that benefits are provided for eligible individuals only; and
- Adequate documentation is maintained and payroll is processed accurately and is properly reviewed by the District's management.

Condition: The District could not reconcile its salaries payable to payroll registers. We compared the payroll liabilities for employee payroll withholdings recorded in the District's general ledger, generated by the PeopleSoft application, to the amount of liabilities per the payroll warrant register, generated by the Human Resource Service (HRS) application. The total payroll liabilities shown on the general ledger were $2,973,164, but the payroll register showed a total of $2,719,041, which is $254,123 less than the amount recorded in the general ledger.

Cause: The District lacks the resources necessary to prepare and maintain adequate accounting records for accrued payroll and related benefits.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-004: PAYROLL LIABILITY REPORTING (30000) (continued)

Effect: The District's liability for accrued payroll and related benefits is subject to material misstatement.

Recommendation: We recommend that the District:

- Implement internal controls to ensure that all account balances are accurately stated in the financial statements at year-end;
- Implement internal control procedures to ensure that payroll records are properly maintained and reconciliations to the general ledger are performed on a regular basis; and
- Ensure that employees are properly trained to perform the duties required for the payroll department.

District Response: The District is hiring an accountant to implement internal controls and ensure balances are accurately stated in the financial statements. In addition, the accountant will reconcile to the general ledger on a regular basis.

FINDING 2018-005: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)
This is a partial repeat of Finding 2017-006.

Criteria: District business office staff are responsible for general oversight of student body activities. In this capacity, the business office staff should:

- Serve as a resource and answer questions from the site staff.
- Develop and update the District's ASB manual based on input from the site staff, student organizations and District auditors. The questions that are asked throughout the year and the findings noted by the auditors should also be taken into consideration when updating the manual.
- Provide training at least annually on the District's ASB manual or procedures. This includes providing new staff members and student council members with copies of the manual and training during the year.
- Make periodic visits to sites to review the procedures in operation and answer questions. It is a good practice to visit each site at least once a year and more often if the site appears to have problems or continues to have audit findings year after year.
- Obtain and review financial reports from the sites at least quarterly.
- Review the reconciled bank statements for all ASB accounts at school sites regularly, preferably monthly.
- Work with the sites' staff to respond to problems noted by the auditors in the annual audit and develop corrective actions to resolve the problems.
- Follow up on all issues regarding the administration of student organizations.
- Develop accounting procedures for recording and controlling the student body organization's financial transactions.
- Periodically review procedures to make sure they conform to prescribed accounting procedures.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-005: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Criteria (continued):
The ASB bookkeeper has the responsibility of maintaining and overseeing the entire ASB process which involves independently maintaining a complete set of financial records for the Associated Student Body, student body operations, and all student body accounts and to follow proper internal controls.

Condition: During our review of the ASB oversight procedures at the District Office, we discovered that there is currently no review process of ASB accounting due to the elimination of a position several years ago. The District Office requests bank statements from the ASBs on a monthly basis, but does not review the statements or reconciliations. Furthermore, the District Office does not require financial statements to be submitted to the District Office. Due to this lack of oversight, the District is unable to determine if all ASB accounts have been properly reported. There is a risk that ASB accounts could be misstated and that this misstatement would go undetected by the District Office.

We also found that proper back-ups of the financial system were not being completed, which has resulted in a loss of ASB accounting records. During our visit to individual sites, we noted that two of the three sites visited had deficiencies in their financial record retention: At Frank D. Parent there were no retained records prior to April 1, 2018. At Inglewood High School there were no records retained for the 2017-18 school year.

During our review of the ASB controls at the school sites, we noted the following:

- ASB bookkeepers are signers on bank accounts at La Tijera.
- At Inglewood High disbursements were not approved by the District representative, ASB and/or student representative, prior to incurring the expense.
- Evidence of receipt of goods or services was not consistently noted prior to disbursement.
- Revenue potentials are not prepared for fundraising events.
- Cash receipting documentation was insufficient or did not agree to the amounts of deposits.
- Bank reconciliations were not prepared in a timely manner or were not prepared at all.
- At Frank D Parent TK–8 and Inglewood High School, the site personnel were unable to provide supporting documentation for most transactions. Additionally, based on our interviews with site personnel, we noted a lack of control implementation over record-keeping, disbursements, receipting and reconciliations.
- ASB accounting records have not been maintained in the computerized system for several months.
- The safe contained numerous checks, some dating as far back as January, which had not been deposited.

Cause: Due to staffing reductions at the District office, the District does not have adequate resources to implement controls to ensure that:

- Financial statements for the ASBs are prepared and maintained by the district office;
- Adequate accounting records are maintained to ensure that revenues are collected and deposited appropriately, and;
- ASB funds are being used for the students' benefit.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-005: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Effect:

- The District did not prepare financial statements for the ASB Fund and was unable to present the fund balances in its financial statements; therefore, the District did not comply with GAAP. As a result, our opinion on the financial statements will be modified to reflect the departure from GAAP.
- The lack of internal controls and oversight by the district office could lead to loss or misappropriation of ASB assets.
- Without ASB policies and procedures specifying how the ASB organization will be established and supervised, or how financial activity will be operated and managed, there is a risk that ASB organizations are not in compliance with rules and regulations ensuring that student body funds are being used for students' benefit.

Recommendation: We recommend that the District assign an employee in the Business Office to be responsible for the oversight of the ASB accounts. This position should review bank statements and reconciliations on a monthly basis. Additionally, income and loss statements and balance sheets should be reviewed on a quarterly basis, at a minimum.

We further recommend that the school site bookkeeper maintain all records associated with the ASB for proper control of the ASB assets and to prevent misappropriation of assets. Furthermore, back-ups should be conducted at a minimum of once per month in order to limit the potential of lost data.
Finally, we recommend the following:

- Those who record the transaction should be separate from those who authorize and execute the transaction. We therefore recommend that the bookkeepers be removed as authorized signers on the ASB bank accounts. Instead, they should be given "view only" authority.
- Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. We recommend that the site adopt a procedure for compliance with the Education Code in obtaining the required approvals.
- We recommend that the site document a physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing "ok to pay" or "received" and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all.
- It is important for student organizations to have adequate internal controls over their fundraising events, properly evaluate the effectiveness of those events, and account for a fundraiser's financial activity. Revenue potentials are used as a budgeting and planning tool. The form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income. We recommend that revenue potentials be prepared for all major fundraising activities.
- We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.
- Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-005: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

District Response: The District will hire an accountant to oversee and reconcile ASB accounts and regularly review income and loss statements. During the 2019-20 school year, the District will purchase an ASB system to monitor and record transactions for the sites and software training will be provided. On an annual basis, on-going training on policies and procedures will be provided to the ASB bookkeepers and advisors.

FINDING 2018-006: ACCOUNTS RECEIVABLE AND REVENUE REPORTING (30000)
This is a partial repeat of Findings 2017-010 and 2017-013.

Criteria: Generally accepted accounting principles (GAAP) require that the year-end accounts receivable balance include all revenues earned as of the date of the financial statements. Good internal controls and prudent business practices require the District to verify that revenues are properly recorded and adequate documentation is maintained to support the balances reported in the financial statements.

Condition: The District could not reconcile its accounts receivable to supporting schedules or other documentation. We compared the accounts receivable recorded in the District's Unaudited Actuals financial statements to the detailed accounts receivable ledger balances. The total accounts receivable shown on the financial statements were $6,512,307, but the accounts receivable ledgers showed a total of $6,370,149, which is $142,158 less than the amount reported in the financial statements.

We were unable to obtain documentation regarding a listing of accounts receivable that were written off during 2017-18. As a result, we are unable to verify whether any receivables were written off or whether the write-offs were appropriate.

The District's unaudited actuals (Form CAT) was inaccurate and incomplete. The District incorrectly reported the current year's revenues as the amount of the current year's award (Line 2a) for all awards reported on Form CAT. In addition, the District's Form CAT did not properly include prior year carryover for many grants. Cash received in the current year was also not properly reported for several programs. For budgeting purposes, the District should maintain an accurate calculation of any unused award amounts to ensure that expenditures do not exceed the available award amount. Also, documentation was not maintained to allow us to verify the amount of special education revenue received from its SELPA.

Cause:

- The District did not properly record receivables at year-end, and did not record the proposed adjusting journal entries from the prior year.
- The District lacks internal controls sufficient to ensure that it records all accounts receivable transactions properly in its general ledger and the Form CAT.

Effect: Accounts receivable for the General Fund were understated by $45,386, and accounts receivable in the Child Development Fund were understated by $96,772.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-006: ACCOUNTS RECEIVABLE REPORTING (30000) (continued)

Recommendation: We recommend that the District:

- Implement internal controls to ensure that all account balances are accurately stated in the financial statements at year-end;
- Ensure that employees are properly trained in the completion of Form CAT.

District Response: The District is hiring an accountant to ensure account balances are recorded correctly and are accurately stated in the financial statements. The District will work with LACOE to receive additional training to complete the Form CAT.

FINDING 2018-007: CASH REPORTING AND RECEIPTING CONTROLS (30000)

This is a partial repeat of Findings 2017-008 and 2017-009.

Criteria: Good internal controls and prudent business practices require the District to implement internal controls to ensure that cash receipts are properly safeguarded and recorded at all locations. A log of all payments received should be maintained by the District and reconciled to recorded cash receipts. In addition, all deposits should be made in a timely manner. Cash should be deposited within one week of receipt. Bank statements should be reconciled each month within two weeks of receiving the statement.

Conditions: The District's Self-Insurance Fund (Fund 67) was overstated because the general ledger reported a balance for the Cash with Fiscal Agent account (Object 9135) totaling $2,868,220; however, the bank reconciliation obtained from the fiscal agent reported a balance of $364,152 at year-end. And because the District never posted the prior year audit adjustment totaling $1,017,000, the amount reported by the District in the current year for the Cash with Fiscal Agent account was overstated by $2,504,068.

During our review of internal controls over cash, we noted the following deficiencies:

- Three of the ten deposits tested were not deposited in a timely manner, in some cases being deposited several months after funds were received.
- The District does not generate a listing of cash receipts when mail is received, thus increasing the risk that cash receipts will be unaccounted for.
- The District is unaware of how many people in the District Office have access to the safe where cash receipts are stored.
- The District has not performed an inspection of the Highland Extended Childcare Program site and cannot say whether cash is stored securely at this location.
- The District did not prepare bank reconciliations for any ASB accounts or Cash with Fiscal Agents accounts.
- The District charged developer fees based on an outdated application which listed the prices from 2015. This resulted in the District charging developers $3.55/sq. ft. instead of $3.60/sq. ft. The County notified the District of the error, but the outdated price continued to be charged intermittently. This resulted in a $302.25 loss in revenue in 2017-18.

Cause: The District has weak internal controls over cash accounts and does not deposit checks in a timely manner.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-007: CASH REPORTING AND RECEIPTING CONTROLS (30000) (continued)

Effect: Without adequate internal controls and proper segregation of duties over the cash receipts, disbursements, and bank reconciliations, the District is susceptible to fraud and misappropriation of assets.

Recommendation: We recommend that the District implement internal control procedures to ensure that adequate documentation is maintained to support all cash transactions and cash receipts are properly safeguarded and deposited in a timely manner.

District Response: The District will implement internal control procedures to ensure timely deposits occur and separation of duties is in place. The District will purchase a more modern safe that allows for proper oversight of cash receipting controls. In addition, bank statements will be reconciled more frequently upon receiving the statement.

FINDING 2018-008: CASH DISBURSEMENT CONTROLS (30000)
This is a partial repeat of Finding 2017-014.

Criteria: The District should obtain approval through a purchase order prior to making any purchases. The District should ensure that expenditures are paid only with supporting documentation.

Condition: During our review of the District's cash disbursements, 21 of 80 expenditures sampled did not receive approval prior to purchase. Furthermore, 7 of 80 expenditures lacked adequate supporting documentation.

Cause: The District did not implement controls to ensure that every purchase was approved prior to being incurred.

Effect: Cash disbursements are at risk of being made for inappropriate purposes.

Recommendation: We recommend that the District implement controls to ensure that all disbursements are approved by purchase order or contract before being incurred.

District Response: The District has trained staff on public bidding and contracting and had built internal capacity to identify projects requiring bidding (current management was not present during 2016-17). The District has also created and filled a document control specialist to ensure that adequate procedures for public bidding and contracting are followed.

During the 2017-18 school year, the District added a budget technician position to review and ensure correct expenditures are accounted for, and following the operational reviews of fiscal services will make additional staffing and operational changes to ensure that expenditures are appropriately reported, and errors in the processing of payments are minimized or avoided. Purchasing is participating in LACOE trainings to ensure staff is trained appropriately.

Additional recommendations to the District will be provided following the completion of the operations reviews and the implementation of those recommendations are expected by July 1, 2019. This process will greatly improve the District's ability to ensure adequate controls over procurement.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-009: FUND BALANCES (30000)
This is a partial repeat of Finding 2017-015.

Criteria: CSAM Procedure 205 states, in part:

> If the differences between the accrued and the actual amounts were caused by errors and are material, such as accruing significant liabilities for expenditures that were not actually incurred, they should be recorded as a restatement of the beginning fund balance.

Good internal controls and prudent business practices require the District to maintain complete and accurate accounting records, and to disclose all funds with balances at year-end to ensure that the amounts are properly reported and disclosed in the financial statements.

Condition: During our review of the District's fund balances, we noted that the District did not post the any of the prior-year audit adjustments, which resulted in the following misstated fund balances at the beginning of the year:

- General Fund (Fund 01) overstated by $807,383
- Adult Education Fund (Fund 11) overstated by $385
- Cafeteria Fund (Fund 13) understated by $198,806
- Building Fund (Fund 21) understated by $122,261

Cause: The District was not given the audit adjustments until well after the close of the 2017-18 fiscal year.

Effect: Further audit adjustments were necessary to correct beginning fund balances.

Recommendation: We recommend that the District work with its current auditors to obtain the 2017-18 audit adjustments and post them to the accounting records in the 2018-19 fiscal year.

District Response: If the audit report is received prior to fiscal close, the District will make the appropriate adjustments and post them in the correct fiscal year.

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

FINDING 2018-010: PAYROLL CLEARANCE FUND (30000)
This is a partial repeat of Finding 2017-016.

Criteria: Like most school districts in Los Angeles County, the District maintains a Payroll Clearance Fund to account for employee withholdings for various items, such as payroll taxes and voluntary deductions. When the payroll runs, charges are made against the various accounts within the fund. Likewise, when the District pays regulatory agencies such as taxing authorities and other state agencies, those liability accounts are reduced.

Condition: The District has not reconciled the activity in the Payroll Clearance Fund to ensure that the payroll transactions and the payments are matching and to ensure that all activity recorded in the fund is appropriate. As a result, errors in reporting could occur and go undetected.

Cause: The District has no process in place to ensure a reconciliation of this account is completed.

Effect: Account balances in the fund may be in accurate, and errors in amounts withheld or remitted could occur and go undetected.

Recommendation: We recommend that the District develop internal control procedures to ensure that the Payroll Clearance Fund is reconciled on a regular basis.

District Response: The District is hiring an accountant to ensure the Payroll Clearance Fund is reconciled on a regular basis. In collaboration with the Budget Department, policies and procedures are currently in development.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

FINDING 2018-011: TIME CERTIFICATIONS (30000, 50000)
This is a repeat of Finding 2017-017.

CFDA #84.010, 84.027, 84.367—Title I, Special Education, Title II, U.S. Department of Education, California Department of Education

Criteria: 2 CFR, section 200.430 states, in part:

(i) Standards for Documentation of Personnel Expenses

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

2 CFR, section 200.303 states, in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

CSAM Procedure 905 states, in part:

Periodic (Semiannual) Certification

Employees who work solely on a single federal award or cost objective need only complete a periodic certification. The periodic certification must:

- Be prepared at least semiannually.
- Be signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employee.
- State the employee worked solely on that single federal program or cost objective during the period covered by the certification.

Where multiple employees work on the same cost objective, a blanket certification may be used as the documentation for all employees who worked on the cost objective….

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-011: TIME CERTIFICATIONS (30000, 50000) (continued)

Criteria (continued):

Personnel Activity Report

Except as provided in "Substitute Systems for Time Accounting…" employees who work on multiple activities or cost objectives of which at least one is federal must complete a personnel activity report (PAR) or equivalent documentation.

A PAR may be as detailed as a document that identifies the employee's activity daily by hours, or it may be as simple as a report of the total hours or percentage of hours spent in each categorical program or cost objective. The level of detail can generally be determined by the diversity and variation of the employee's work activities. The safest approach is to provide more documentation rather than less.

Condition: Based on our review of the District's expenditures for its major federal programs, we noted inadequate controls over time certifications for the Title I, Special Education, and Title II programs as follows:

- Title I – CFDA 84.010: The District did not provide time certification records for 12 of 25 employees selected for audit who were paid with Title I funds.
- Special Education – CFDA 84.027: The District did not maintain any time certification records for employees who were paid with Special Education funds. As Special Education is part of a cluster of programs, the questioned amount also includes other Special Education resources, such as Resource 3315.
- Title II – CFDA 84.367: The District did not provide time certification records for 7 of 8 employees selected for audit who were paid with Title II funds.

Cause: The District does not have adequate controls in place to ensure that time certification documentation is prepared and maintained to support all employees who are paid with federal funds.

Context: The error appears to be systemic. The District could not provide documentation for 12 of 25 employees charged to Title I, 7 of 8 employees charged to Title II, and each of 9 employees charged to Special Education.

Questioned Cost: A total of $27,898 is in question because the District did not maintain proper time certification documentation for employees who were paid with federal funds.

Recommendation: We recommend that the District comply with 2 CFR, section 200.303, and CSAM Procedure 905, which require that employee time certification forms be maintained for employees who charge time to federal program.

District Response: We are working the California Department of Education to resolve the issue in a manner that will not adversely affect the District. The Categorical Division assigned a coordinator to ensure program compliance. Time certifications are done twice a year and documents are stored in the Categorical office.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-012: FEDERAL PROGRAM OVERSIGHT (30000, 50000)
This is a repeat of Finding 2017-018.
CFDA #84.010, 84.367—Title I, Title II, U.S. Department of Education, California Department of Education

Criteria:
34 CFR, section 200.25(b) states, in part:

> Eligibility
>
> (1) A school may operate a schoolwide program if—
>
> (i) The school's LEA determines that the school serves an eligible attendance area or a participating school under section 1113 of the ESEA; and
>
> For the initial year of the schoolwide program—
>
> (A) The school serves a school attendance area in which not less than 40 percent of the children are from low-income families; or
> (B) Not less than 40 percent of the children enrolled in the school are from low-income families.

2 CFR, section 200.303 states, in part:

> The non-Federal entity must:
>
> (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Elementary and Secondary Education Act, Part E, section 9501(b)(3)(B) states:

> Subject to subparagraph (A), the share of the local educational agency's subgrant under part A of title II that is used for professional development and subject to a determination of equitable expenditures under subsection (a)(4) shall not be less than the aggregate share of that agency's awards that were used for professional development for fiscal year 2001 under section 2203(1)(B) (as such section was in effect on the day preceding the date of enactment of the No Child Left Behind Act of 2001) and section 306 of the Department of Education Appropriations Act, 2001.

Condition: During our review of the District's major federal programs, we noted the following deficiencies:

- Title I – CFDA 84.010 – The District did not provide supporting documentation to explain variances between the percentages of children from low income families shown on the District's Consolidated Application—Title I, Part A School Allocations Report and the percentages shown on the California Longitudinal Pupil Achievement Data System (CALPADS)report.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-012: FEDERAL PROGRAM OVERSIGHT (30000, 50000) (continued)

Condition (continued):

- Title II – CFDA 84.367 – Although the District did provide documentation to demonstrate that it reserved monies for equitable professional development services for Title II private-school teachers and other education personnel, the calculation for this reserve relied upon relative poverty of the private school children and did not consider other factors such as enrollment, as required by OMB compliance standards. Therefore, we could not determine if the reserved amount was equitable or adequate.

Questioned Cost: None.

Context: The errors appear to be a systemic weakness in internal controls.

Effect: Federal funding could be jeopardized if the documentation necessary to demonstrate compliance with applicable federal requirements is not maintained and controls are not in place to support compliance. There are no questioned costs as a result of this finding.

Cause: The District was unable to provide supporting documentation to demonstrate that:

- The percentage shown on the School Allocations Report was calculated correctly for Title I;
- The minimum fund balance required for equitable professional development services for Title II private school teachers and other education personnel was equitable or adequate

Recommendation: We recommend that the District maintain source documentation to demonstrate that its federal programs met all compliance and eligibility requirements for Title I and Title II and implement internal control procedures to ensure compliance with applicable federal requirements.

District Response: The State and Federal Executive Director developed a handbook available to all site Principals and anyone who has direct contact to the state and federal programs in IUSD. The manual includes compliance sections and the items reviewed by the state auditors. Each section includes guidance per LACOE and CDE. The Executive Director will continue to work closely with the IUSD's Budget department to ensure that all items are the con app will be correct before filing with the CDE. The two departments now work collaboratively to secure correct documentation is collected and maintained for all Title funding. The Executive Director holds monthly meetings with the site administrators to update them on compliance requirements as well as with the Chief Academic Officer. However, when it is determined that site administrators may require closer guidance, there will be one on one meetings to support said administrator. The Executive Director will continue to attend the monthly LACOE state and federal meetings to receive the most current updates from the federal and state departments. A representative from the fiscal department if possible.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-013: EQUIPMENT MANAGEMENT (20000, 30000, 50000)
This is a repeat of Finding 2017-019.
CFDA #84.010—Title I U.S. Department of Education, California Department of Education

Criteria:
2 CFR, section 200.33 states:

> Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.

2 CFR, section 200.313(d) states, in part:

> Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:
>
> (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
>
> (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
>
> (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

Condition: Based on the equipment listing provided by the District for Title I, we noted that no new equipment items ($5,000 or more) were acquired in FY 2017-18. The District is required to conduct a physical inventory of properly and those results reconcile to the property records every two years. Based on our inquiry with District officials, we noted that a physical inventory has not been conducted.

Questioned Cost: None.

Context: Problem appears to be systemic.

Effect: Inadequate controls over equipment could lead to noncompliance with state and federal requirements and misappropriation of funds. There are no questioned costs as a result of this finding.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-013: EQUIPMENT MANAGEMENT (20000, 30000, 50000) (continued)

Cause: The District has not conducted a full physical inventory of property and reconciled it with the District's records.

Recommendation: We recommend that the District strengthen its controls over its equipment-management system and ensure that its equipment inventory listing is complete and accurate.

District Response: The office of State and Federal Programs now inventories all equipment electronically. All items are scanned, labeled, and recorded in inventory software that can be made easily accessible in case of any future audits

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2018-014: INDEPENDENT STUDY (10000, 40000)
This is a repeat of Finding 2017-031.

Criteria: California Education Code section 51747 states, in part:

> A school District or county office of education shall not be eligible to receive apportionments for independent study by pupils, regardless of age, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent of Public Instruction, that include, but are not limited to, all of the following:
>
>> (b) The number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. A written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

Condition: During our review of the District's short-term independent study program, we noted that the master agreement forms used by the District for independent study did not contain all of the required elements for compliance. Per California Education Code section 51747(b), the District is required to disclose the number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. The District was unable to provide supporting documentation or policies and procedures to show where this information could be found. As a result, all ADA claimed by the District for short-term independent study is disallowable.

Context: Error is systemic, affecting all short-term independent contracts.

Cause: The District did not monitor its short-term independent study program to ensure that master agreements were completed properly and contained all of the required elements.

Effect: Pupil attendance for short-term independent study is disallowable because the master agreements used by the District did not contain all of the required elements for compliance. As a result, a total of 4.90 ADA, or $38,843, is disallowable for the P-2 short-term independent study, and 5.70 ADA is disallowable for the Annual reporting period.

Recommendation: Through inquiry the auditor determined that the District is in the process of issuing a new independent study contract that complies with all requirements.

District Response: The master agreement forms used by the District for independent study contains all of the required elements for compliance per California Education Code section 51747(b).

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-015: CONTINUATION EDUCATION ATTENDANCE (10000, 40000)
This is a repeat of Finding 2017-032.

Criteria: California Education Code section 46000 states:

> Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter.

California Education Code section 46170 states:

> In continuation high schools and continuation education classes, a day of attendance is 180 minutes of attendance, but no pupil shall be credited with more than 15 hours of attendance per school week, proportionately reduced for those school weeks having weekday holidays on which classes are not held.

Condition: During our review of the District's Continuation Education program, we noted that the attendance system (Aeries) was programmed incorrectly to count class time during the 2017-18 school year. The system calculated an additional 25 minutes of class time per week as compared to the bell schedule. As a result, students were credited with more attendance than the scheduled class time during the P-2 and Annual reporting periods.

Context: Error is systemic, affecting all continuation students.

Cause: The District set up the instructional time schedule in the Aeries system incorrectly.

Effect: By incorrectly calculating class time for students Monday through Thursday, the District overstated ADA for school year 2017-18 during the P-2 reporting period and the Annual reporting period for grade span 9-12. The amount of ADA overstated cannot be determined until the system is corrected and attendance reports are re-run.

Recommendation: We recommend that the District implement internal control procedures to ensure that instructional time and pupil attendance are properly calculated and entered into the attendance accounting system for continuation education.

District Response: We agree with the auditors' comments, and the recommendation is part of the FY 18-19 collaborative effort with Child Welfare and Attendance and Los Angeles County of Education. The team has created written policies and procedures for calculating and reporting instructional time, and ensuring that each school site complies with the instructional time requirements. Furthermore, we will also implement controls that require the District to review and recalculate the instructional minutes for each school site, to ensure that the calculations are accurate and meet the instructional time requirements.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-016: RATIO OF ADMINISTRATORS TO TEACHERS (40000)
This is a partial repeat of Finding 2017-033.

Criteria: Per California Education Code section 41404, the State Superintendent of Public Instruction must determine whether school districts have excess administrative employees; the requirement is for school districts to prepare a calculation each year to show that an allowable ratio of administrative employees to teachers was maintained.

Condition: During our review of the state compliance requirements for the ratio of administrative employees to teachers, we noted that the District exceeded the allowable number of administrative employees. The calculated ratio indicated that the District's maximum number of certificated administrative employees is 39. The actual number of administrative employees is 41.

Context: This is a systematic error that was caused by year-to-year reduction in certificated staff. The District failed to take into account the effect of layoffs on the teacher to administrator ratio.

Cause: The District excess was due to a lay-off of 39 certificated staff without a lay-off of sufficient administrative certificated staff to keep the District in compliance.

Effect: This District is out of compliance with Education Code and currently employing excess administrators. The penalty associated with this non-compliance is $185,187.

Recommendation: We recommend that the District review its staffing numbers and work with the California Department of Education to bring its ratio into compliance.

District Response: The District is reviewing and working with California Department of Education to address the issue.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-017: CLASSROOM TEACHER SALARIES (61000)
This is a repeat of Finding 2017-034.

Criteria: California Education Code, section 41372 (b) states, in part:

> There shall be expended during each fiscal year for payment of salaries of classroom teachers:
> (3) By a unified school district, 55% of the district's current expense of education.

Condition: During our review of classroom teacher salaries, we noted that the District did not meet the required 55% minimum for expenditures of salaries for classroom teachers. The District reported classroom expenditures totaling $107,264,259.18, with $55,069,340.10, or 51.34%, going toward its classroom teachers' salaries.

Context: The District operates multiple sites that have low and declining enrollment. This means that they still have all of the overhead cost for the sites but have fewer teachers. The District also contracts out special education programs. This means that they don't have classroom teachers teaching special education.

Cause: The District has weak internal controls and did not manage its education expenditures to ensure that the required percentage of classroom teacher salaries was met.

Effect: The District did not meet the required minimum percentage for classroom teacher salaries. The District expended $3,926,002.45 less than the amount necessary to meet the minimum of 55%.

Recommendation: The District should implement controls to ensure that it meets the minimum required percentage for the classroom teacher salaries.

District Response: The District continues to assess school closures and consolidations and is implementing staffing ratios at school sites that enable it to meet the minimum percentage. In addition, the District's high percentage of contracted services for special education further reduce the district's percent of its budget that is spent on classroom compensation.

FINDING 2018-018: SCHOOL ACCOUNTABILITY REPORT CARDS (72000)
This is a repeat of Finding 2017-036.

Criteria: In accordance with Education Code §33126, the school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Education Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1st of each year.

Condition: The District did not prepare Facility Inspection Tool (FIT) reports to support the FY 2016-17 SARC (issued in 2018) for four out of six school sites selected for review, but it did retain copies of the FIT reports prepared by the Los Angeles County Office of Education (LACOE) for five of six schools. We also noted differences in the facilities condition ratings reported in the SARCs when compared to the ratings reported on the FIT reports prepared by LACOE for one of six schools. FY 2016-17 one Williams Quarterly Complaint report did not agree with the SARC.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-018: SCHOOL ACCOUNTABILITY REPORT CARDS (72000) (continued)

Context: The error was noted for four of the six schools selected.

Cause: The FIT reports were not retained by the District.

Effect: Without proper compliance, the public will be misinformed on the status of the school's facilities.

Recommendation: The District should implement controls to ensure that adequate documentation is maintained for SARC and FIT reports, and that SARC and FIT reports are published in a timely manner.

District Response: The District's facilities and operations director will ensure that adequate documentation is maintained for the SARC and FIT reports, and that the SARC and FIT reports are published in a timely manner.

FINDING 2018-019: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000)
This is a repeat of Finding 2017-037.

Criteria: The District is required to report attendance on a semi-annual basis to accurately reflect the attendance related to the program per California Education Code Section 8483.55. The District must be able to provide written origination documentation to support the attendance reported on a semi-annual basis by site.

Condition: The District provided summary sheets that did not support the summarized data that was reported in the semi-annual report to the State. The District reported attendance of 72,374, while the semi-annual attendance report showed attendance of 72,572, a variance of 198 students.

Context: In reviewing supporting documentation and through inquiry, we noted that the condition occurred at all but three sites where the ASES program is available.

Cause: The District lacks oversight and has inadequate controls over its ASES program necessary to ensure compliance with ASES program requirements, or that all student attendance records and financial information is properly maintained.

Effect: Reporting attendance and expenditures incorrectly and not following the compliance requirements for the ASES program could result in a reduction in future funding to the District.

Recommendation: The District should ensure totals calculated for monthly attendance are accurately reported on the State semi-annual report.

District Response: ASES is included with Information Technology, Child Welfare and Attendance, and Los Angeles County of Education in developing policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately by all school sites and the District office.

In July 2019, the District will have an After School Education and Safety policy and procedure manual. Written procedures, instructions and assignments of duties will prevent or reduce misunderstanding, error. A policy and procedure manual should aid in the training of new employees.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-020: UNDUPLICATED PUPIL COUNTS (40000)
This is a repeat of Finding 2017-038.

Criteria: California Education Code section 42238.01 states, in part:

> "Eligible for free or reduced-price meals" means determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal National School Lunch Program, as described in Part 245 of Title 7 of the Code of Federal Regulations.
>
> "Pupils of limited English proficiency" means pupils who do not have the clearly developed English language skills of comprehension, speaking, reading, and writing necessary to receive instruction only in English at a level substantially equivalent to pupils of the same age or grade whose primary language is English. "English learner" shall have the same meaning as provided for in subdivision (a) of Section 306 and as "pupils of limited English proficiency."

California Education Code section 42238.02(b)(1) states:

> For purposes of this section "unduplicated pupil" means a pupil enrolled in a school district or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil shall be counted only once for purposes of this section if any of the following apply:
> - (A) The pupil is classified as an English learner and is eligible for a free or reduced-price meal.
> - (B) The pupil is classified as an English learner and is a foster youth.
> - (C) The pupil is eligible for a free or reduced-price meal and is classified as a foster youth.
> - (D) The pupil is classified as an English learner, is eligible for a free or reduced-price meal, and is a foster youth.

California Education Code section 42238.02(b)(2) states:

> Under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a school district or charter school shall annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System.

California Education Code section 42238.02(b)(4) states:

> The Superintendent shall make the calculations pursuant to this section using the data submitted by local educational agencies, including charter schools, through the California Longitudinal Pupil Achievement Data System. Under timeframes and procedures established by the Superintendent, school districts and charter schools may review and revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-020: UNDUPLICATED PUPIL COUNTS (40000) (continued)

Condition: During our review of the District's Unduplicated Local Control Funding Formula (LCFF) Pupil Counts, we noted deficiencies at three of seven school sites selected for review as well as deficiencies for the La Tijera charter school. We noted deficiencies with students who were English Learner (EL) eligible.

Following are summaries of the deficiencies noted for each school site:

Bennett/Kew Elementary

EL: The District was unable to provide documentation to support EL eligibility for three of five students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Centinela Elementary

EL: The District was unable to provide documentation to support EL eligibility for three of nine students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Crozier Middle

EL: The District was unable to provide documentation to support EL eligibility for one of nineteen students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Frank D. Parent

EL: The District was unable to provide documentation to support EL eligibility for one of six students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Inglewood High

EL: The District was unable to provide documentation to support EL eligibility for five of thirty students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Worthington Elementary

EL: The District was unable to provide documentation to support EL eligibility for one of four students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

La Tijera Charter

EL: The District was unable to provide documentation to support EL eligibility for three of five students that we reviewed who were included in the District's unduplicated pupil count as EL-eligible only.

Context: The auditor noted that the District could not provide supporting documentation for 15 of 73 students designated as EL only and La Tijera Charter could not provide supporting documentation for 3 of 5 students designated as EL only. This is a systematic error that represents a material weakness in internal controls.

Cause: The District did not maintain adequate documentation to support the counts of English Learners in California Longitudinal Pupil Achievement Data System (CALPADS); and has no policies and procedures in place to ensure that the data to support the unduplicated pupil counts is complete, accurate, and properly maintained.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-020: UNDUPLICATED PUPIL COUNTS (40000) (continued)

Effect: We extrapolated the results of our testing to the total student population within the District's Unduplicated Pupil Count and determined that a total of $2,132 is disallowable for the District and $37 for La Tijera charter school. Refer to the summary chart below.

	As reported on CALPADS	Adjusted based on EL eligibility	Adjusted Total
Program/Site:			
Bennett/Kew Elementary	330	(3)	327
Centinela Elementary	575	(3)	572
Crozier Middle	550	(1)	549
Frank D. Parent	401	(1)	400
Inglewood High	681	(5)	676
Worthington Elementary	387	(1)	386
Aggregate remaining sites	4,436	-	4,436
District-wide	7,360	(14)	7,346

Total enrollment of 8,560 was not adjusted based on the results of our procedures.

	As reported on CALPADS	Adjusted based on EL eligibility	Adjusted Total
Program/Site:			
La Tijera K-8 Charter School	546	(3)	543

Total enrollment of 696 was not adjusted based on the results of our procedures.

Recommendation: We recommend that the District implement controls to ensure that contemporaneous supporting documentation is maintained to support all students reported for the unduplicated pupil counts and implement policies and procedures to ensure that the CALPADS is updated with changes in students' Free and Reduced Price Meals (FRPM) and EL designations.

District Response: The District will implement controls to ensure that contemporaneous supporting documentation is maintained to support all students reported for the unduplicated pupil counts and implemented policies and procedures to ensure that the CALPADS is updated with changes in students' FRPM and EL designations

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-021: LOCAL CONTROL ACCOUNTABILITY PLAN (30000, 40000, 62000)
This is a repeat of Finding 2017-039.

Criteria: California Education Code section 52061 states:

(a) On or before July 1, 2015, and each year thereafter, a school district shall update the local control and accountability plan. The annual update shall be developed using a template developed pursuant to Section 52064 and shall include all of the following:

(1) A review of any changes in the applicability of the goals described in paragraph (1) of subdivision (c) of Section 52060.

(2) A review of the progress toward the goals included in the existing local control and accountability plan, an assessment of the effectiveness of the specific actions described in the existing local control and accountability plan toward achieving the goals, and a description of changes to the specific actions the school district will make as a result of the review and assessment.

(3) A listing and description of the expenditures for the fiscal year implementing the specific actions included in the local control and accountability plan and the changes to the specific actions made as a result of the reviews and assessment required by paragraphs (1) and (2).

(4) A listing and description of expenditures for the fiscal year that will serve the pupils to whom one or more of the definitions in Section 42238.01 apply and pupils re-designated as fluent English proficient.

(b) The expenditures identified in subdivision (a) shall be classified using the California School Accounting Manual pursuant to Section 41010.

Good internal controls require the District to maintain adequate documentation to support compliance with state requirements for the LCAP.

Condition: During our review of the District's compliance with Local Control and Accountability Plan (LCAP) requirements, we noted that the District did not provide supporting documentation necessary for us to determine whether the District's LCAP expenditures were consistent with the actions or services identified in its LCAP.

Context: The District could not provide documentation for four of the ten goals and actions selected for testing.

Cause: The District has inadequate controls to ensure that expenditure documentation related to the LCAP is properly maintained.

Effect: We were unable to determine whether LCAP expenditures selected for review were consistent with the identified actions or services.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-021: LOCAL CONTROL ACCOUNTABILITY PLAN (30000, 40000, 62000) (continued)

Recommendation: We recommend that the District implement controls to ensure that supporting documentation related to the LCAP is properly maintained.

District Response: The District will improve current controls in place to ensure that supporting documentation related to the LCAP is properly maintained.

FINDING 2018-022: CHARTER SCHOOL ATTENDANCE REPORTING (10000, 40000)
This is a repeat of Finding 2017-040.

Criteria: California Education Code section 46000 states:

> Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter.

California Education Code section 35254 states:

> The governing board of any school district may make photographic, microfilm, or electronic copies of any records of the district. The original of any records of which a photographic, microfilm, or electronic copy has been made may be destroyed...except that no original record that is basic to any required audit shall be destroyed prior to the second July 1st succeeding the completion of the audit.

California Education Code section 44809(b) states:

> There shall be recorded in each state school register the absence and attendance of each pupil enrolled in the classes taught by the teacher keeping the register or on whose behalf the register is kept and any additional information required by the State Department of Education.

California Education Code section 51747 states, in part:

> A school District or county office of education shall not be eligible to receive apportionments for independent study by pupils, regardless of age, unless it has adopted written policies, and has implemented those policies, pursuant to rules and regulations adopted by the Superintendent of Public Instruction, that include, but are not limited to, all of the following:
>
> > (b) The number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. A written record of the findings of any evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING 2018-022: CHARTER SCHOOL ATTENDANCE REPORTING (10000, 40000) (continued)

Condition:
For La Tijera Charter School, the District reported 17.07 Transitional Kindergarten (TK) ADA in its attendance records but reported 0.00 on the Annual attendance report. TK was reported correctly in the A1 line of the Annual report, and therefore the discrepancy is related to informational purposes only.

La Tijera's independent study master agreements did not contain the required elements. California Education Code section 51747 requires a statement which discloses the number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether the pupil should return to the regular school program. As a result, all short-term independent study ADA is disallowable, as follows:

- P-2: 0.07 ADA for grades TK-3;

- Annual: 0.07 ADA for grades TK-3; 0.04 ADA for grades 4-6; and 0.04 ADA for grades 7-8.

Context: Error is systemic.

Cause: The District lacks necessary controls to ensure that pupil attendance is reported accurately from classroom to the district office and to CDE; and that pupil attendance records are properly maintained at the school sites and district office; and did not monitor its short-term independent-study program to ensure that the master agreements contained all of the required elements (as described in Finding 2018-016).

Effect: There is no questioned amount because the disallowable ADA is immaterial. The District overstated ADA for the charter school on the P-2 and Annual as follows:
- P-2: 0.07 ADA for grades TK-3;
- Annual: 0.07 ADA for grades TK-3; 0.04 ADA for grades 4-6; and 0.04 ADA for grades 7-8.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded accurately for all school sites, and reported accurately the district office and to the CDE; and implement controls to ensure that independent-study contracts contain all required elements.

District Response: The District collaborated with Los Angeles County of Education and created a detailed enrollment and attendance manual to document all district and school procedures for accurate enrollment and attendance. The manual is aligned to all Education Code policies. Los Angeles County of Education facilitated an Enrollment and Records training on November 1, 2018, to all Office Managers, Data Techs, Attendance Clerks and Administrators. A copy of the manual was provided.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-001: Fiscal Challenges	The Inglewood Unified School District (District) faces fiscal challenges that must be closely monitored in order to prevent the District from becoming insolvent in the near future. These challenges include: • Budget projections indicating that the District will continue deficit spending through fiscal year (FY) 2020-21. Additionally, budget projections show that the reserves for economic uncertainties are at 2.05%, 2.29%, and 2.35% of the total outgo of the General Fund for FY 2018-19, FY 2019-20, and FY 2020-21, respectively. Available reserves for a district this size cannot be less than 3% of total outgo of the General Fund. • A negative certification filed by the District for the first and second interim periods during FY 2017-18. A negative certification indicates that the District will not meet its financial obligations in the current and two subsequent fiscal periods; • Federal and state audit findings with related questioned costs and penalties; and • A declining student population, resulting in decreased revenues.	30000 60000	We recommend that the District: • Implement policies and procedures to ensure budget-to-actual comparisons are made frequently, deficit spending does not occur, and adequate reserves are set aside for economic uncertainty; • Comply with state and federal requirements to avoid or minimize questioned costs and penalties for non-compliance; and • Continue to monitor its academic systems and develop ways to sustain its student population.	Partially Implemented. See Finding 2018-001.
Finding 2017-002: Capital Assets-Reporting Deficiencies	During our review of the District's capital assets, we noted the following deficiencies: • The District was unable to provide adequate source records to support that the District has ownership rights to buildings, land, and land improvements, or that the balance of $230,885,256 reported for these assets on Form Asset reflects historical cost. We reviewed the District's two most recent capital assets valuation reports. The most recent valuation report was issued for the year ended June 30, 2015.	20000 30000 60000	We recommend that the District implement internal control procedures to ensure that: • Financial records are properly maintained to support the balances reported for capital assets; and • Information is available to support significant increases or decreases in the valuation for capital assets.	Not Implemented. See Finding 2018-002.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-002: Capital Assets-Reporting Deficiencies (continued)	The previous valuation report was issued for the year ended June 30, 2013. The valuation report for the year ended June 30, 2015, carried over the value of the buildings, land, and land improvements from the previous valuation report issued for the year ended June 30, 2013. We reviewed the engagement scope of the valuation report dated June 30, 2013, and noted that the appraisal firm did not inventory, or verify the existence or ownership of, assets. The report indicated that the last inspection and inventory of the District's assets was completed on June 30, 2009. Based on the review of both asset valuation reports, it is evident that there was no review of the District's land, land improvements, and buildings for impartment, existence or ownership since June 30, 2009, eight years prior to the end of FY 2016-17. • The District improperly recorded an equipment purchase for a high-density wireless network totaling $940,384 in the Building Fund (Fund 21). The expenditure was recorded using an account for Materials and Supplies (Object 4340) instead of an account for Equipment (Object 6400). As a result, Materials and Supplies was overstated and Equipment was understated by $940,384. • The District's increases and decreases to capital assets for the FY 2016-17 Form Asset were not accurate. We reviewed the District's board meeting minutes and noted that the Board approved two notices of completion for construction projects at Kelso Elementary School. However, the Form Asset did not reflect any decreases to the Work in Progress account or any increases to the Building or Land Improvement accounts for the completed projects.		We also recommend that the District: • Conduct a physical inventory and valuation to establish current value of its capital assets; and • Post adjusting journal entries.	

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-002: Capital Assets-Reporting Deficiencies (continued)	In addition, the Form Asset did not reflect any increases to accumulated depreciation, and the District did not maintain reliable schedules of construction projects in progress. Therefore, we are not able to determine whether the amounts reported for increases in capital assets reported on Form Asset are accurate. • The District's Form Asset, which is used to report changes in capital assets and accumulated depreciation, was not accurate. We noted a variance of $44,908,107 between the ending net capital asset balance shown on the prior year's audit report and the beginning balance shown on the Form Asset. The prior-year audit report showed that the net capital asset balance was $176,813,565 as of June 30, 2016, while the Form Asset showed a beginning balance of $221,721,672. • The District recorded expenditures from the account for building improvements, totaling $1,751 for lock replacements, as capital outlay expenditures. The amount is not material; however, it is an indication that the District did not properly record expenditures shown in the capital asset account. • Two payments totaling $85,410 were recorded as expenditures in FY 2016-17, but should have been posted as prior-year (FY 2015-16) activity for the Building Fund (Fund 21) and the Special Reserve for Capital Outlay Projects Fund (Fund 40). The amounts are immaterial to the respective funds; however, it is an indication that the District did not properly record expenditures shown in the capital asset account.			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-002: Capital Assets-Reporting Deficiencies (continued)	• Equipment items purchased with federal and state funds are not specifically marked as such on the District's equipment listing. • The District did not respond to our inquiries about whether any assets were sold or disposed of during the year. Therefore, we were unable to determine if any decreases to capital assets occurred during FY 2016-17. • We also noted other control weaknesses for capital assets as follows: o Recorded capital assets are not reviewed for impairment, nor is there supporting analysis for calculating asset impairment in compliance with relevant generally accepted accounting principles; and o No independent review of significant estimates or judgements is included in the financial statements at year-end.			
Finding 2017-003: Capital Assets-Noncompliance with Bidding Requirements	During our review of the District's construction projects, we noted the following deficiencies: • The District did not provide adequate documentation to demonstrate that it complied with competitive bidding requirements. The District was unable to provide supporting bid documentation for two construction companies that submitted bid documentation for a construction project advertised by the District. As a result, we were unable to verify that the contract was properly awarded.	30000 60000	We recommend that the District ensure that documents are maintained and readily available to demonstrate compliance with bidding requirements pursuant to the Public Contract Code and California Government Code.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-003: Capital Assets-Noncompliance with Bidding Requirements (continued)	• The District did not provide the date on which the Notice of Public Hearing for the energy savings project was advertised; therefore, we were unable to determine whether the bid was properly advertised, or whether the District used standardized bid forms for this project. To be in compliance with California Government Code sections 4217.12 and 4217.13, the Notice should be posted two weeks prior to the Public Hearing.			
Finding 2017-004: Long-Term Debt-Reporting Deficiencies	During our review of the District's long-term debt, we noted the following deficiencies: • The District did not provide a complete set of GASB Statement No. 34 financial statements in a timely manner. We requested these statements from the District on April 24, 2018, and multiple times thereafter. A complete set of GASB Statement No. 34 financial statements was not provided by the District until August 29. • The District did not record any transactions in its general ledger relating to general obligation refunding bonds issued during FY 2016-17 to extinguish an existing debt. Proceeds from the sale of the bonds totaled $42,485,000. The proceeds from the sale of the bonds were used to pay for $203,750 of bond issuance costs, $41,250,000 of outstanding principal, and $1,031,250 of accrued interest for the General Obligation Bonds, Series D, authorized by the election of 1998. As a result, the accounts for Other Financing Sources (Object 8979), Other Financing Uses (Object 7699), Bonds Issuance Costs (Object 5800), and Bond Interests (Object 7434) were understated by $42,485,000, $41,250,000, $203,750, and $1,031,250, respectively.	30000 60000	We recommend that the District: • Ensure that the required GASB Statement No. 34 financial statements are prepared in a timely manner; • Strengthen internal controls to ensure that accurate records are properly prepared and maintained to support balances shown in its financial statements; • Implement controls to ensure that the District is in compliance with IRS arbitrage requirements; and • Post adjusting journal entries.	Partially Implemented. See Finding 2018-003.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-004: Long-Term Debt-Reporting Deficiencies (continued)	• The District's Form Debt is inaccurate and incomplete. We noted a variance of $88,495,816 between the ending long-term debt balances shown in the prior year audit report and the adjusted beginning balances shown on the Form Debt. The total ending balance for long-term debt shown in the prior year was $263,487,155, while the total beginning balance shown on Form Debt for the current year was $174,991,939. The District's Form Debt did not include any activity for the net pension liability. Additionally, the Form Debt did not reflect any current-year increases or decreases in general obligation bonds payable. • We were unable to verify the District's compensated absences liability because the source records provided by the District were not reliable. We selected a sample of 15 employees and compared the District's vacation-tracking log to the compensated absence report, and noted that 14 out of 15 sample employee records did not agree. The total compensated absence liability shown on the vacation-tracking log for the 15 sample employees was $29,323; however, the compensated absence report provided by the District showed a balance of $59,830 for the 15 employees at year-end. We identified four employees who used more vacation time than they had available during FY 2016-17. For example, an employee had 17 hours of vacation time available during the year, but was allowed to use a total of 22 hours of vacation time. We also identified two employees that were terminated in January 2017, but had combined vacation liability balances totaling $1,619 at year-end. As a result, we determined that the balances shown on the District's compensated absence report were not reliable.			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-004: Long-Term Debt-Reporting Deficiencies (continued)	• The District did not perform an annual review of its use of the proceeds from tax-exempt bonds for compliance with IRS arbitrage requirements.			
Finding 2017-005: Payroll-Reporting Deficiencies	During our review of the District's payroll system, we noted the following deficiencies: • The District underreported its payroll liabilities by a net total of $78,566. We compared the payroll liabilities for employee payroll withholdings recorded in the District's general ledger, generated by the PeopleSoft application, to the amount of liabilities per the payroll warrant register, generated by the Human Resource Service (HRS) application. The total payroll liabilities shown on the general ledger were $19,178,188, but the warrant register showed a total of $19,256,754, which is $78,566 more than the amount recorded in the general ledger. We also noted six negative variances, ranging from $3.65 to $11,897, indicating that more liabilities were recorded in the general ledger than in the payroll warrant register; and there were 29 positive variances, ranging from $0.29 to $34,124, indicating that the liabilities per the warrant registers exceeded the amounts recorded in the general ledger. As a result, payroll amounts were not consistently recorded in the general ledger, and the amounts were under-reported by a net total of $78,566. • Based on a review of payroll register detail for the month of July of 2017, the District did not accrue payroll expenditures and related liabilities totaling $92,342 for FY 2016-17. As a result, payroll expenditures were understated by $92,342.	30000 60000	We recommend that the District: • Implement internal controls to ensure that all account balances are accurately stated in the financial statements at year-end; • Implement internal controls to ensure that health and welfare benefits are provided only to eligible employees, and that liability and expenditure accounts are properly reconciled; • Implement internal control procedures to ensure that payroll records are properly maintained and reconciliations to the general ledger are performed on a regular basis; and • Ensure that employees are properly trained to perform the duties required for the payroll department.	Partially Implemented. See Finding 2018-004.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-005: Payroll-Reporting Deficiencies (continued)	• Health and welfare benefits payable had a debit balance of $226,128 at year-end (June 30, 2017), indicating that actual expenditures exceeded the balance in the liability accounts. As a result, accounts payable was understated by $226,128. • Discrepancies were noted for 33 out of 197 salaried employee payments selected for review, as follows: o Supporting documentation for pay rates was not maintained for 14 payments; o The payment amounts we recalculated for 11 payments did not agree; and o The pay rate shown on the warrant register did not agree to the supporting documentation for eight payments. • Discrepancies were noted for 61 out of 196 hourly employee payments selected for review as follows: o Timecards were not provided to support 28 employee payments; o Supporting documentation was not maintained for 11 employee payments; o Full-time equivalent days were miscalculated for eight employees; o Salary schedules were not provided for seven payments made to three employees; and o Pay rates shown on the warrant registers did not agree to supporting documentation for seven employee payments. • Discrepancies were noted for 59 out of 161 employee W-4 Forms that were selected for review, as follows:			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-005: Payroll-Reporting Deficiencies (continued)	o W-4 Forms were not provided for 47 employees; and o Allowances shown on the W-4 Forms for 12 employees did not agree to the allowances shown in the HRS system. • The District did not provide supporting documentation to verify employee voluntary deductions for 104 employees selected for review. • A variance of $173,727 was noted between the District's Employer's Quarterly Federal tax returns filed for FY 2016-17 and the amounts shown on the payroll warrant registers. • The District did not record $34,168 in expenditures for FY 2015-16 employer insurance contribution premiums paid in FY 2016-17. Payments were recorded as reductions to accounts payable and cash accounts. However, corresponding expenditures were not recorded in the general ledger in either FY 2015-16 or FY 2016-17. Some of the invoices paid were at least 10 months past due. As a result, the fund balance for the General Fund (Fund 01) was understated by $34,168. • The District paid health and welfare benefits for four terminated employees, and for an individual who was never employed by the District. The District did not provided an explanation as to why health insurance benefits were provided for these individuals. • We reviewed expenditures recorded in the District's payroll register for health and welfare benefits for 21 employees and noted the following deficiencies:			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-005: Payroll-Reporting Deficiencies (continued)	o For 17 employees, expenditures for life and disability insurance recorded in the District's payroll register did not agree with the premiums charged on the insurance provider's invoices. o For one employee, expenditures were recorded in the District's payroll register for disability insurance; however, the employee was not listed on the insurance provider's invoices. o For one employee, expenditures for vision insurance recorded in the District's payroll register did not agree to premiums charged on the insurance provider's invoices. o For one employee, expenditures for various employee health and welfare benefits were recorded in the District's payroll register, but the employee was not shown on any invoices from insurance providers. • The District incorrectly recorded expenditures totaling \$77,709 for employee health and welfare benefits in the Other than Employee Benefits account (Object 5450) instead of the employee Health and Welfare account (Object 3400).			
Finding 2017-006: Associated Student Body Funds – Reporting Deficiencies	During our review of the District's Associated Student Body (ASB) program, we noted that the District did not prepare or maintain any financial records for the ASB Fund (Fund 95). The District did not provide any financial statements to show beginning balances, increases and decreases, or ending balances for any of the school sites that operate ASB programs. Without financial records or source documents, we are unable to determine the materiality of the District's ASB Fund. According to District management, there has been no change in the ASB program, and all of the issues noted in the prior audit still exist.	30000 60000	We recommend that the District: • Comply with GAAP and ensure that the ASB Fund is properly disclosed in the financial statements; and • Enforce all ASB policies and procedures, including the requirement that all school sites submit financial statements to the district office.	Partially Implemented. See Finding 2018-005.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-007: Financial Reporting – Internal Control Deficiencies	During our review of the District's internal controls over its financial reporting system, we noted that the District did not provide a complete set of GASB Statement No. 34 financial statements in a timely manner. We requested a copy of the District's unaudited financial statements on April 4, 2018. Upon receiving and reviewing the financial statements provided by the District on April 11, 2018, we noted that various statements were either incomplete or had not been prepared by the District. The unaudited actuals did not include the government-wide financial statements, reconciling schedules, or completed schedules for capital assets and long-term debt, which are necessary to establish and support the ending balances for the financial statements. The District hired a firm to prepare the financial statements that were provided to the SCO on August 29, 2018. We also noted three journal entries that were not properly posted to the General Fund (Fund 01) by the District. A journal entry totaling $95,600 was used to write off unearned revenue and fund balance without being recognized in the proper revenue account. Also, adequate documentation was not maintained by the District to support a journal entry transfer totaling $32,242 from the Adult Education Fund (Fund 11) to the General Fund, and a journal entry totaling $10,451 was posted twice in error. However, these amounts are immaterial to the General Fund.	30000 60000	We recommend that the District implement controls to ensure that all required financial statements are properly prepared and maintained for audit purposes.	Implemented.
Finding 2017-008: Cash-Reporting Deficiencies	During our review of the District's cash accounts, we noted the following deficiencies: • The District's Self-Insurance Fund (Fund 67) was overstated because the general ledger reported a balance for the Cash with Fiscal Agent account (Object 9135) totaling $510,353; however, the bank	30000 60000	We recommend that the District implement internal controls to ensure that: • Policies and procedures are followed; • Amounts reported in the financial statements are accurate and supported by adequate documentation; and	Partially Implemented. See Finding 2018-007.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-008: Cash-Reporting Deficiencies (continued)	reconciliation obtained from the fiscal agent reported a balance of $238,868 at year-end. And because the District never posted the prior year audit adjustment totaling $162,022, the amount reported by the District in the current year for the Cash with Fiscal Agent account was overstated by $109,463. • The District has not performed an analysis for the revolving account in the General Fund (Fund 01) to determine which outstanding salary advances are collectable. We identified 25 outstanding salary advances, totaling $25,508, that were dated prior to June 30, 2016 (i.e. more than a year old); some were dated back as far as FY 2011-12. • The District's clearing account for the General Fund (Fund 01) and the Cafeteria Fund (Fund 13) was understated by $3,156 and $2,156, respectively, because the District did not report an ending cash balance for the clearing account. • The District's Cash with Fiscal Agent account for the Capital Facilities Fund (Fund 25) was understated by $7,502 because the District did not record several transactions involving interest income, federal income taxes withheld, and a deposit.		We also recommend that the District post adjusting journal entries.	
Finding 2017-009: Cash-Internal Control Deficiencies	During our review of internal controls over cash, we noted the following deficiencies: • The District did not prepare the reconciliation correctly for the General Fund (Fund 01) clearing account. The reconciliation did not reflect an outstanding check totaling $211,495 at year-end. The check was issued on June 30, 2017, and cleared on July 7, 2017.	30000 60000	We recommend that the District implement internal control procedures to ensure that: • Cash accounts are reconciled on a regular basis; • Adequate documentation is maintained to support all cash transactions;	Partially Implemented. See Finding 2018-007.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-009: Cash-Internal Control Deficiencies (continued)	However, the amount was properly reflected in the general ledger and unaudited actual financial statements. • The District did not perform bank reconciliations for its Cash in Treasury Accounts or Cash with Fiscal Agent Accounts for the Capital Facilities Fund (Fund 25) and the Self-Insurance Fund (Fund 67). • The District's business office lacks segregation of duties. The District's accounting specialist is responsible for key functions that should be separated, such as receiving cash, preparing deposit slips, and reconciling bank statements. • Checks for six transactions were not deposited in a timely manner. For example, the District received a check totaling $524,248 on January 11, 2017, which was not deposited until February 6, 2017 (almost a month later). • The District does not generate a listing of cash receipts when mail is received, thus increasing the risk that cash receipts will be unaccounted for.		• Cash receipts are properly safeguarded and deposited in a timely manner; and • Key functions are properly segregated within the business office.	
Finding 2017-010: Accounts Receivable-Reporting Deficiencies	During our review of the District's accounts receivable, we noted the following deficiencies: • The District did not post several prior-year audit adjustments, which resulted in the following misstated accounts receivable and unearned revenue balances: o Accounts receivable for the General Fund (Fund 01) was overstated by $695,582. o Accounts receivable for the Cafeteria Fund (Fund 13) was understated by $24,862.	30000 60000	We recommend that the District: • Implement internal control procedures to ensure that all account balances are accurately stated in the financial statements; • Maintain a current listing of receivables approved to be written off; and • Ensure that its Form CAT is completed accurately.	Not Implemented. See Finding 2018-006.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-010: Accounts Receivable-Reporting Deficiencies (continued)	o Unearned revenue for the General Fund (Fund 01) was understated by $308,412. As a result, the beginning balance for accounts receivable was overstated. • The District did not properly record accounts receivable at year-end for the Child Nutrition Program (Resource 5310). Based on our review of the District's claim history reports obtained from CDE, we noted that $1,152,834 of meal claim reimbursements for the months of April, May, and June 2017 had not been received by the District as of June 30, 2017. However, the District's general ledger shows an accounts receivable of $1,126,509, a variance of $26,326. After further review, we determined that accounts receivable was understated by $5,221 because the District understated revenues by $5,221 for May and June 2017 meal claim reimbursements. In addition, the prior-year accounts receivable was understated by $21,105 because revenues for meal claim reimbursements were not recorded in the financial statements, but were posted in the current year (FY 2016-17) against the beginning accounts receivable balance. As a result, Fund 13 revenues and accounts receivable are understated by $5,221 and $26,326, respectively. • The District's unaudited actuals (Form CAT) was inaccurate and incomplete. Calculations for year-end accruals for the Title I program (Resource 3010) was not included on Form CAT. The District incorrectly reported the current year's revenues as the amount of the current year's award (Line 2a) for all awards reported on Form CAT. In addition, the District's Form CAT did not include the calculation of unused grant			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-010: Accounts Receivable-Reporting Deficiencies (continued)	amounts for resources subject to deferral of unearned revenues. We made several inquiries to determine whether the District maintains a separate calculation of unused grant award; however, the District did not respond. For budgeting purposes, the District should maintain an accurate calculation of any unused award amounts to ensure that expenditures do not exceed the available award amount. • The District did not respond to our requests for documentation regarding a listing of accounts receivable that were written off during FY 2016-17. As a result, we are unable to verify whether any receivables were written off or whether the write-offs were appropriate.			
Finding 2017-011: Inventory-Reporting Deficiencies	During our review of the District's inventory, we noted the following deficiencies: • General Fund (Fund 01) – The District's inventory account for the General Fund was overstated by $21,207. The ending inventory balance shown in the physical inventory report was $45,729. However, the ending inventory balance shown in the general ledger was $66,936. The District made no adjusting entries to correct the general ledger inventory balance to match the physical count as shown in the final inventory report. • Cafeteria Fund (Fund 13) – The District's inventory account for the Cafeteria Fund was understated by $50,645, based on the following variances: o The Stores Inventory account (Object 9320) reported a negative balance of $49,287 in the general ledger. However, the physical inventory balance reported by the District was $2,433.	30000 60000	We recommend that the District: • Strengthen controls to ensure that balances reported for inventory align with the physical inventory conducted at year-end; • Establish proper segregation of duties; and • Post adjusting journal entries.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-011: Inventory-Reporting Deficiencies (continued)	As a result, the District's Stores Inventory account was understated by $51,720. o The Food Inventory account (Object 9321) reported a negative balance of $61,201 in the general ledger. However, the physical inventory balance reported a balance of $39,853. As a result, the District's Food Inventory account was understated by $101,054. o The Food Supplies account (Object 9322) reported a balance of $140,675 in the general ledger. The District's physical inventory balance reported a balance of $38,547. As a result, the District's Food Supplies account was overstated by $102,128. o The District was not able to provide a detailed listing of the food services inventory as of June 30, 2017. • The District has inadequate segregation of duties. We noted that an employee who maintains the inventory records also participates in the inventory counts at year-end.			
Finding 2017-012: Accounts Payable-Reporting Deficiencies	During our review of the District's accounts payable, we noted the following deficiencies: • The District did not post all of the prior-year audit adjustments, which resulted in the beginning balances for accounts payable being misstated as follows: o The General Fund (Fund 1) was understated by $435,769. o The Self Insurance Fund (Fund 67) was overstated by $272,284. o The Warrant Pass-through Fund (Fund 76) was overstated by $187,946.	30000 60000	We recommend that the District: • Implement controls to ensure that all account balances are accurately stated in the financial statements at year-end; and • Post adjusting journal entries.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-012: Accounts Payable-Reporting Deficiencies (continued)	• General Fund (Fund 01) – The District incorrectly accrued liabilities and expenditures incorrectly at year-end (June 30, 2017) for electronic purchases that were paid prior to year-end. As a result, expenditures and accounts payable in the General Fund were overstated by $87,034. • Building Fund (Fund 21) – The District incorrectly accrued expenditures and accounts payable for construction-related costs incurred in July 2017 in FY 2016-17. As a result, accounts payable and expenditures in the Building Fund (Fund 21) were overstated by $152,949. • Self Insurance Fund (Fund 67) – The District incorrectly recorded expenditure and accounts payable for July 2017 workers' compensation claim payments in FY 2016-17. As a result, expenditures and accounts payable in Fund 67 were overstated by $176,461.			
Finding 2017-013: Revenue-Reporting Deficiencies	During our review of the District's revenues, we noted the following deficiencies: • General Fund (Fund 01) – The District did not properly record revenues and accounts receivable for its special education programs as follows: o The District incorrectly posted cash receipts, totaling $942,577, for various federal special education programs as revenues for the state special education program (Resource 6500). As a result, accounts receivable for federal resources were overstated by $321,807 for IDEA Basic Local Assistance Entitlement (Resource 3310), and by $86,421 for IDEA Preschool Grants (Resource 3315), and by $76,123 for IDEA Preschool	30000 60000	We recommend that the District: • Implement internal control procedures to ensure revenues are properly recorded and adequate documentation is maintained to support the balances shown in the financial statements; and • Post adjusting journal entries.	Partially Implemented. See Finding 2018-006.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-013: Revenue-Reporting Deficiencies (continued)	Accountability Grants (Resource 3320). Revenues for the Special Education Mental Health Services program (Resource 6512) were also understated by $358,226. o The District incorrectly posted an apportionment receipt totaling $151,143 to the state special education program (Resource 6500) as All Other Local Revenues (Object 8699), instead of Other State Apportionments (Object 8311). Additionally, the District did not accrue accounts receivable totaling $734,995 for the portion of the FY 2016-17 grant award that it did not receive as of June 30, 2017. As a result revenues and accounts receivable were overstated by $151,143 and understated by $734,995, respectively. o The District did not accrue a current-year (FY 2016-17) apportionment that was not received by June 30, 2017, and accounts receivable for the Special Education Mental Health Services (Resource 6512) was understated by $289,448. The District also incorrectly recorded apportionment that it received for the prior year, totaling $333,728, as revenues in FY 2016-17, instead of a reduction to accounts receivable. The District also has a $150,409 balance in accounts receivable for Resource 6512 that appears to be invalid and has been outstanding for more than a year. • Child Development Fund (Fund 12) – The District did not properly record revenues and accounts receivable for the Child Development Fund as follows: o The District did not record accounts receivable for two months (May and June 2015) for meal reimbursements that were due from CDE for the Child Nutrition Program.			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-013: Revenue-Reporting Deficiencies (continued)	Based on the claim history reports, the District was due a total of $26,503 for meal reimbursement for the Child Development Fund (Fund 12) at year-end. As a result, accounts receivable and revenues were understated by $26,503. o The District incorrectly recorded revenues that it received for the Child Care Food Program. The District received $85,756 for meal reimbursements for the Child Nutrition Program and incorrectly recorded the cash that it received as revenues for the California State Preschool Program. The District recorded cash received for the Child Care Food Program as All Other State Revenues (Object 8590), instead of using the accounts for Child Nutrition Program–State and Child Nutrition Program–Federal (Objects 8520 and 8220, respectively). As a result, the District overstated the account for other state revenues by $85,756 and understated federal and state child nutrition program revenues by $80,547 and $5,209, respectively. o The District did not properly record revenues for the California State Preschool Program contracts (Resource 6105). The District's Year-End Earnings Calculation reports for these contracts showed that the District's total reimbursable earnings for FY 2016-17 were $1,319,426. However, the District recorded revenues totaling $1,732,261. In addition, the District did not correctly accrue accounts receivable and payable for these contracts. Based on our review of the District's year-end earnings calculation and total apportionment received during the fiscal year, we noted that the District was due $24,742 for two contracts as of June 30, 2017. For a third contract, the apportionment paid to the District during FY 2016-17 exceeded the reimbursable earnings by			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-013: Revenue-Reporting Deficiencies (continued)	$236,032. Therefore, the District had an outstanding receivable of $24,742 and an outstanding payable of $236,032 as of June 30, 2017. However, the District recorded accounts receivable totaling $ 243,125 and did not record any payables for these contracts. As a result, revenues and accounts receivable were overstated by $412,835, and $218,383, respectively, and accounts payable was understated by $236,032. o Accounts receivable for parent fees for the Child Development Program was understated by $7,888 because the District incorrectly reversed accounts receivable that was accrued at year-end. o The District also wrote off unearned revenues totaling $12,737 for the State General Child Care Program (Resource 6060) by increasing revenues for the California State Preschool Program Contracts instead of adjusting the beginning fund balance. • Cafeteria Fund (Fund 13) – The District incorrectly recorded revenues for services that the Cafeteria Fund provided to other funds, instead of transferring the cost of services from the Cafeteria Fund to the other funds. The revenues for these services were recorded in the All Other Local Revenue (Object 8699). However, this account should only be used to record local revenues received from entities other than LEAs. As a result, the Other Local Revenue account and expenditures were overstated by $121,899.			
Finding 2017-014: Expenditures-Reporting Deficiencies	During our review of the District's expenditure transactions, we noted the following deficiencies: • The District improperly comingled federal funds that it received for the Child Care Food Program (Resource 5320) with state funds that it received for	30000 60000	We recommend that the District: • Implement controls to ensure that expenditures are properly recorded, reviewed, and authorized;	Partially Implemented. See Finding 2018-008.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-014: Expenditures-Reporting Deficiencies (continued)	the California State Preschool Programs (Resource 6105). As a result, federal expenditures totaling $114,225 were improperly recorded as a State resource. Federal regulations require that financial management systems of all non-federal entities separately identify and account for all federal awards received and expended. • The District incorrectly recorded expenditures totaling $6,750 in the current year (FY 2016-17) for pest control services that were provided during the prior fiscal year (2015-16). As a result, expenditures in Fund 14 are overstated by $6,750. • The District incorrectly recorded expenditures totaling $21,870 in the current year for landscaping services that were provided during the prior year (FY 2015-16). • The District incorrectly recorded expenditures totaling $4,180 for membership dues using Object Code 5220 (travel and conference) instead of Object Code 5300. • The District incorrectly recorded expenditures totaling $1,829 for use tax calculated for training services provided by an out-of-state vendor. Use tax is generally paid for purchases made from out-of-state vendors on which no sales tax was collected. • The District overpaid a construction management company by $17,144 for the months of May and June 2017 as a result of the District's clerical errors and the vendor's billing errors.		• Solicit competitive bids for any contracts involving an expenditure of more than $50,000; and • Post adjusting journal entries.	

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-014: Expenditures-Reporting Deficiencies (continued)	• The District awarded a contract totaling $142,500 in February 2016 for pest control services without seeking formal bids for the project. The District informed us that formal bids were not required for this project because the District entered into two separate agreements. The first agreement was for $61,500 in FY 2015-16, and the second agreement was for $81,000 in FY 2016-17. Breaking a contract into smaller contract amounts implies that bid splitting has occurred, which is prohibited under Public Contract Code section 20116. • The District did not properly prepare purchase orders before services were rendered or items were received for 20 of 70 transactions reviewed. • The District does not have adequate controls over its fuel card usage. We noted several instances in which fuel cards were used with several vehicles. Each vehicle should be associated with (assigned) a unique fuel card. The District was unable to provide documentation to show whether employees' use of fuel cards is monitored. Additionally, the District did not provide written policies and procedures for fuel card usage.			
Finding 2017-015: Fund Balance-Reporting Deficiencies	During our review of the District's fund balances, we noted that the District did not post the majority of the prior-year audit adjustments, which resulted in the following misstated fund balances: • General Fund (Fund 01) overstated by $963,985 • Adult Education Fund (Fund 11) understated by $85,598 • Child Development Fund (Fund 12) overstated by $230,019 • Cafeteria Fund (Fund 13) understated by $39,759	30000 60000	We recommend that the District post the audit adjusting journal entries that were recommended in the prior year (FY 2015-16), and ensure that the components of the ending fund balance are supported with documentation and presented accurately in the financial statements in accordance with GASB requirements.	Not Implemented. See Finding 2018-009.

INGLEWOOD UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-015: Fund Balance-Reporting Deficiencies (continued)	• Building Fund (Fund 21) overstated by $186,507 • Self-Insurance Fund (Fund 67) overstated by $2,306,868. In addition, the District incorrectly classified amounts for nine funds as being "Committed" without obtaining the Board's approval for this classification. The following funds were misclassified: • Adult Education Fund (Fund 11) for $32,674 • Child Development Fund (Fund 12) for $2,115 Cafeteria Fund (Fund 13) for $14,987 • Deferred Maintenance Fund (Fund 14) for $488,489 Building Fund (Fund 21) for $817,995 Capital Facilities Fund (Fund 25) for $3,432,656 • County School Facilities Fund (Fund 35) for $229,996 • Special Reserve Fund for Capital Outlay Projects (Fund 40) for $163,912 • Bond Interest and Redemption Fund (Fund 51) for $9,248,070.			
Finding 2017-016: Warrant Pass-Through Fund-Reporting Deficiencies	During our review of the District's fund balances, we noted that the Warrant Pass-Through Fund (Fund 76) contained material balances that were not reported in the District's financial statements at year-end. The fund contained Cash in Treasury balance of $866,027 and an accounts payable balance of $866,399. In addition, six liability accounts in the Warrant Pass-Through Fund had negative (debit) balances, totaling $142,595, that were carried over from prior fiscal years. The negative accounts payable balances indicate overpayment of employee contributions or payments in excess of the amounts withheld from employees in prior fiscal years. As a result, the account balances in the Warrant Pass-Through Fund were not reported in accordance with GAAP.	30000 60000	We recommend that the District develop internal control procedures to ensure that the Warrant Pass-Through Fund is reconciled on a regular basis, and that the District complies with GAAP reporting requirements so that the fund is properly disclosed in the financial statements when applicable.	Partially Implemented. See Finding 2018-010.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-017: Inadequate Support for Salaries and Wages-Time Certifications Not Maintained	Based on our review of the District's expenditures for its major federal programs, we noted inadequate controls over time certifications for the Title I, Special Education, and Title II programs as follows: • Title I – CFDA 84.010: The District did not provide time certification records for seven of 15 employees selected for review who were paid with Title I funds. As a result, the amount of $131,174 for Title I funds paid for salaries and benefits is in question. • Special Education – CFDA 84.027: The District did not maintain any time certification records for employees who were paid with Special Education funds. As a result, the amount of $251,787 for Special Education funds paid for salaries and benefits is in question. As Special Education is part of a cluster of programs, the questioned amount also includes other Special Education resources, such as Resource 3315 (CFDA 84.127). • Title II – CFDA 84.367: The District did not maintain any time certification records for employees who were paid with Title II funds. As a result, the amount of $278,590 for Title II funds paid for salaries and benefits is in question.	30000 50000	We recommend that the District comply with 2 CFR, section 200.303, and CSAM Procedure 905, which require that employee time certification forms be maintained for employees who charge time to federal program.	Not Implemented. See Finding 2018-011.
Finding 2017-018: Inadequate Program Oversight	During our review of the District's major federal programs, we noted the following deficiencies: • Title I – CFDA 84.010 – The District did not provide supporting documentation to explain variances between the percentages of children from low income families shown on the District's Consolidated Application— Title I, Part A School Allocations Report	30000 50000	We recommend that the District: • Maintain source documentation to demonstrate that its federal programs met all compliance and eligibility requirements for Title I and Title II; and • Implement internal control procedures to ensure compliance with applicable federal requirements.	Not Implemented. See Finding 2018-012.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-018: Inadequate Program Oversight (continued)	and the percentages shown on the California Longitudinal Pupil Achievement Data System (CALPADS) report. For example, the Title I, Part A School Allocation report shows the percentage of low-income children at City Honors to be 62.93 percent and the CALPADS report shows the percentage of low-income children at City Honors to be 78.15 percent. We also noted that the District did not provide supporting documentation to demonstrate that schools operating a school-wide program met the poverty eligibility requirement. • Title II – CFDA 84.367 – The District did not provide adequate documentation to demonstrate that it reserved the minimum fund balance required for equitable professional development services for Title II private-school teachers and other education personnel. • We also noted, during our review of internal controls over federal programs, that the District had high turn-over in personnel, numerous repeat audit findings with questioned costs, and ongoing control weaknesses in other areas of the financial and reporting systems. As a result, we determined that control testing over the District's major federal programs would be ineffective.			
Finding 2017-019: Title I–Inadequate Controls Over Equipment Management	During our review of the District's compliance with the equipment management requirements, we noted that the District's property records used for purchases made with federal Title I funds did not contain the following elements:	20000 30000 50000	We recommend that the District strengthen its controls over its equipment-management system and ensure that its equipment inventory listing is complete and accurate.	Not Implemented. See Finding 2018-013.

INGLEWOOD UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2018

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-019: Title I–Inadequate Controls Over Equipment Management (continued)	• Description of the property; • Source of funding; • Name of title holder; • Percentage of federal participation in the project costs for the federal award under which the property was acquired; • Use and condition of the property; or • Ultimate disposition data including the date of disposal and sales price of the property. Based on the equipment listing provided by the District for Title I, we noted that no new equipment items ($5,000 or more) were acquired in FY 2016-17. However, the equipment listing that was provided was incomplete and we were unable to verify whether all equipment items were properly safeguarded and maintained. The District is required to conduct a physical inventory of properly and those results reconcile to the property records every two years. Based on our inquiry with District officials, we noted that a physical inventory has not been conducted.			
Finding 2017-020: Debarred Vendor Verification Not Performed	During our review of the District's oversight of its federal programs, we noted that the District does not verify whether vendors are debarred from doing business with the federal government or from receiving federal funds. However, we noted no debarred vendors for a sample of vendors we selected for review.	30000 50000	We recommend that the District implement internal control procedures to ensure that proper oversight of its federal programs is maintained, and verify that vendors who are paid with federal funds are not suspended or debarred by the federal government.	Implemented.
Finding 2017-021: Title I – Compliance Requirement for Cohort Graduation Rate Not Met	During our review of the District's Title I program, we noted that the District did not maintain written documentation supporting that a student has enrolled in another school or in an education program that culminates in the awarding of a regular high school	30000 50000	We recommend that the District implement appropriate controls necessary for documenting the removal of students from the regulatory adjusted cohort, and ensure that the supporting documentation is maintained.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-021: Title I – Compliance Requirement for Cohort Graduation Rate Not Met (continued)	diploma. The District is required to maintain official written documentation supporting that a student has enrolled in another school or in an educational program that culminates in the awarding of a regular high school diploma. A student who is retained in-grade or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rates, and must remain in the adjusted cohort. The CDE uses the student-level data maintained in CALPADS to calculate the four-year adjusted cohort graduation rate for all LEAs in the state. We selected eight students who were identified in CALPADS as transfer students who withdrew from the District and enrolled in another California school. The District was unable to provide any written documentation to confirm that these students transferred out of the District.			
Finding 2017-022: Title I – Participation of Private School Children Reporting Deficiencies	During our review of the District's Title I program, we noted the following deficiencies: • The District was unable to provide supporting documentation for one of four private schools selected for review to confirm that the District conducted timely consultation for the private school. • According to the District's FY 2016-17 Nonprofit Private School Participation form from the Consolidated Application, the District contracted with a third party to provide Title I services to private schools. After inquiry with District staff, it was noted that the District provides only direct services instead of third-party services to private schools. As a result, the Consolidated Application–Nonprofit Private School Participation form is not accurate.	30000 50000	We recommend that the District implement internal control procedures to ensure that adequate documentation is maintained to support all compliance requirements are met.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-022: Title I – Participation of Private School Children Reporting Deficiencies (continued)	• According to the District's FY 2016-17 Other ESEA Nonprofit Private School Participation form from the Consolidated Application, two nonprofit private schools participated in the Title II program. However, the District was unable to provide documentation supporting that expenditures were equal on a per-pupil basis for public and private school students, teachers, and other educational personnel. • The District was unable to provide supporting documentation to show that educational services planned for private schools were actually provided to private schools.			
Finding 2017-023: Title I – Schoolwide Plan Reporting Deficiencies	During our review of the District's Title I program, we noted that the schoolwide plans for two school sites (Warren Lane Elementary and City Honors High) did not contain all of the required core components, as follows: • Warren Lane Elementary: The plan did not include a component stating that Warren Lane Elementary will provide instruction by highly qualified professional staff, and there were no transition plans for assisting preschool children in successful transition to the schoolwide program. The plan also did not contain information regarding an annual evaluation of the results achieved by the schoolwide program. • City Honors: The plan did not have a component stating that Inglewood High will implement strategies to increase parental involvement. The plan also did not include information regarding an annual evaluation of the results achieved by the schoolwide program.	30000 50000	We recommend that the District implement controls to ensure that its schoolwide plans include all required core elements and components.	Testing elements of a school-wide plan are not an audit requirement in OMB compliance supplement for 2017-18.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-023: Title I – Schoolwide Plan Reporting Deficiencies (continued)	This is a repeat of prior-year Finding 2016-028, but does not appear to be a systemic weakness. The sample was not statistically valid.			
Finding 2017-024: Title I – Documentation Not Maintained to Support Comparability Requirements	The District was unable to provide adequate documentation to support the information in the comparability calculation. Specifically, the District did not provide sufficient documentation to support the Full Time Equivalent for staff and student enrollment counts for each school site. As a result, we were unable to determine whether the District was in compliance with comparability requirements for Title I.	30000 50000	We recommend that the District implement internal control procedures to ensure that it maintains adequate documentation to support compliance with comparability requirements for Title I.	Not an audit requirement in 2017-18 OMB compliance supplement.
Finding 2017-025: Title I – Documentation Not Maintained to Support Paraprofessional Qualifications	During our review of the District's qualification process for its paraprofessionals, we were unable to determine whether the District hired only the most qualified paraprofessionals in programs supported with Title I, Part A, funds. A paraprofessional must hold a high school diploma or its recognized equivalent, and must have either completed two years of college, obtained an associate's degree, or passed a local assessment of knowledge and skills related to assisting in instruction. The District was unable to provide a high school diploma or its equivalent for all five of the paraprofessionals that we selected for review.	30000 50000	We recommend that the District implement internal control procedures to ensure that it maintains sufficient documentation for the qualifications of paraprofessionals.	Not required in 2017-18 OMB compliance supplement.
Finding 2017-026: Title II – Documentation Not Provided to Support Teacher Needs Assessments	The District did not provide documentation to support that it conducted needs assessment for Title II. We could not determine whether the District conducted the required needs assessment or if teachers, including Title I, Part A teachers from targeted assistance or schoolwide program schools, participated in the needs assessment.	30000 50000	We recommend that the District design and implement adequate controls to ensure that the required needs assessment is conducted.	Not required in 2017-18 OMB compliance supplement.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-026: Title II – Documentation Not Provided to Support Teacher Needs Assessments (continued)	The purpose of the needs assessment is to determine the needs of the District's teaching force in order to ensure that all students meet challenging State content and academic achievement standards. The needs of the District's teaching force is not known without needs assessments.			
Finding 2017-027: Special Education-Internal Control Deficiencies	During our review of the District's Special Education program, we identified the following deficiencies regarding the Individualized Education Program (IEP) forms: • For three out of 10 sample IEP files selected for review, documentation was not maintained to support that parents or guardian of pupils were notified in writing of the proposed assessment plan within 15 days of the referral for assessment. • The parent or guardian signature was missing for three out of 10 student IEP files selected for review.	30000 40000 50000	The District should comply with state and federal requirements regarding its Special Education program, and ensure that all IEP forms and supporting documentation are properly maintained.	Implemented.
Finding 2017-028: Special Education-Documentation Not Provided to Support that the Requirements for Early Intervening Service Requirements Were Met	During our review of the Special Education Program, we noted that the District was unable to provide sufficient documentation to support whether the District had used not more than 15% of the amount of federal funds (less any amount by which it reduces state and local expenditures), in combination with other funds, for early intervening services for children in kindergarten through grade 12 who have not been identified under IDEA but need additional academic and behavioral support to meet the general education requirement.	30000 50000	We recommend that the District implement internal control procedures to ensure that adequate documentation is maintained to support compliance with early intervening services requirements.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-029: Attendance – Reporting Variances	During our review of ADA totals reported by the District to CDE, we noted the following misstatements: (see below)	10000 30000 40000	We recommend that the District: (see below)	Implemented.

Finding:

During our review of ADA totals reported by the District to CDE, we noted the following misstatements:

- Variances between the ADA totals shown on the District's attendance summary and the total ADA reported to CDE for the Annual reporting period as follows:

	Annual ADA Per District	Annual ADA Per CDE	Difference Over/(Under)
Regular ADA (Line A-1):			
Grades TK/K-3	3,151.48	3,160.91	9.43
Grades 4-6	2,227.51	2,225.56	(1.95)
Grades 7-8	1,114.09	1,112.64	(1.45)
Grades 9-12	1,969.44	1,969.41	(0.03)
Special Education Nonpublic, Nonsectarian Schools (Line A-3):			
Grades TK/K-3	41.42	45.44	4.02
Grades 4-6	24.43	24.58	0.15
Grades 7-8	18.41	18.80	0.39
Grades 9-12	54.94	55.10	0.16
Transitional Kindergarten*	144.76	143.09	(1.67)

* Included in regular ADA

- These variances were the result of errors made by the District while calculating ADA and adjustments that were made to attendance after ADA totals had been reported to CDE. As a result of these variances, attendance for the annual reporting period was overstated by 6.00 ADA for Regular ADA, and overstated by 4.72 ADA for Special Education, Nonpublic, and Nonsectarian Schools.

- The District did not properly calculate ADA for the P-2 reporting period for the Home and Hospital program, for grade spans 4-6 and 9-12. The District incorrectly used 180 days, instead of 136 days, as the divisor while calculating the P-2 ADA. As a result, regular attendance was overstated by 0.05 ADA for grade span 4-6 and overstated by 0.13 ADA for grade span 9-12.

Recommendation:

We recommend that the District:

- Amend its P-2 Report of Attendance to reflect the total amount of disallowable ADA, and repay the state $44,255; and

- Develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately by all school sites and the district office.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-029: Attendance – Reporting Variances (continued)	• The District did not properly calculate ADA for Special Education Nonpublic, Nonsectarian Schools (Line A-3) of the P-2 report of attendance. The District used an incorrect divisor to calculate ADA for the Special Education Nonpublic, Nonsectarian Schools. In addition, the District included attendance for 14 students who appeared to be enrolled in preschool (PK). When we inquired about these students' enrollment status, the District confirmed that three of the students were enrolled in either kindergarten or first grade. However, the District was unable to confirm the grade level for the remaining 11 students who appeared to be enrolled in preschool. The District is not allowed to claim apportionment for preschool students. As a result, attendance was overstated by 653 days, or 4.80 ADA, for grade span TK/K-3. • The ADA reported by the District on the P-2 Report of Attendance (Line C-1) for prior-year P-2 ADA for pupils attending a charter school sponsored by the District in the current year, who attended a non-charter school of the District in the prior year (Line C-1), did not agree with supporting documentation obtained from the District. The District incorrectly reported the prior-year ADA for applicable students instead of using the lesser of current-year (FY 2016-17) ADA and prior-year (FY 2015-16) ADA. As a result, the District overstated attendance by 32.02 ADA on Line C-1 during the P-2 reporting period. • The District miscalculated the ADA reported on the P-2 Report of Attendance (Line C-4) by assuming that all eighth-grade students from the charter school transferred to the District's non-charter school; excluding ADA generated by pupils in other grades, if any; and failing to account for pupils who did not			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-029: Attendance – Reporting Variances (continued)	continue at a District non-charter school after graduating eighth grade from a District-sponsored charter school.			
Finding 2017-030: Attendance – Reporting Deficiencies	During our review of the District's attendance records, we noted the following deficiencies: • Variances between the total ADA reported on the District's attendance summaries and the totals reported by the school sites for four of six school sites selected for review, as follows: 1. Woodworth Elementary: The District understated attendance by 112 days for grade span K-3 because attendance for one student was omitted from the District's Monthly Attendance Reports. The student enrolled in Woodworth Elementary during attendance Month 2. We verified the student's attendance by reviewing signed teacher registers. However, the student's attendance was not included on the Monthly Attendance Reports or the attendance summaries that the District used to report attendance. The District was unable to explain why the student's attendance was omitted from the attendance reports. As a result, attendance for grade span K-3 is understated by 112 days, or 0.82 ADA, during the P-2 reporting period, which equates to $7,585. 2. Highland Elementary: The District overstated attendance by four days for grade span 4-6 because the students were marked as absent on the teacher register during Month 6, but received attendance credit on the monthly attendance report.	10000 30000 40000	We recommend that the District ensure that: • Pupil attendance is recorded and reported consistently and accurately for each school site and the district office; • Teacher registers are properly maintained, signed and dated; and • Attendance policies and procedures are maintained at all school sites.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-030: Attendance – Reporting Deficiencies (continued)	As a result, attendance for grade span 4-6 was overstated by four days, or 0.03 ADA, during the P-2 reporting period, which equates to $264. 3. Monroe Middle: The total days of attendance reported on the District's attendance summaries did not agree with the total days of attendance shown on the Monthly Attendance Reports. For example, the District's attendance summaries reported 1,914 days of attendance for attendance Month 9, while the Monthly Attendance Report showed 1,918 days of attendance. When we inquired about these discrepancies, the District informed us that the variances occurred because the District did not follow "order-of-operations" while printing the attendance reports for this school site, and the wrong report was printed. Inaccurate attendance was reported on the District summaries used to calculate ADA reported to CDE. As a result, the District understated 71 days of attendance, or 0.52 ADA, for grade span 4-6 and 206 days of attendance, or 1.51 ADA, for grade span 7-8 during the P-2 reporting period, which equates to $19,728. We also noted that the year-to-date totals shown on the Monthly Attendance Summary Reports for Monroe Middle School were inaccurate due to a reporting glitch in the District's attendance software. For example, the total apportionment attendance for Month 1 was 2,567; however, the year-to-date column showed that total apportionment attendance was 2,573. This resulted in a variance of six days. We further analyzed the year-to-date data reported on the Monthly Attendance Summary Reports and noted sporadic			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-030: Attendance – Reporting Deficiencies (continued)	variances. The District was unable to explain the cause of these variances. As the District did not use Monthly Attendance Summary Report to calculate ADA, this issue did not result in inaccurate ADA being reported to CDE. However, attendance could be misstated if the District used data in the Monthly Attendance Summary Reports to calculate ADA. 4. Inglewood Continuation High: Attendance was understated by 10 days during the P-2 reporting period because the total attendance shown on the Hourly Attendance Reports did not agree with the Monthly Attendance Summaries. When we inquired regarding this discrepancy, the District informed us that the variances occurred because they did not follow "order-of-operations" while printing the attendance reports for this school site, and the wrong report was printed. As a result, inaccurate attendance was reported on the District P-2 summaries used to calculate ADA reported to CDE, and attendance was understated by 10 days, or 0.07 ADA, during the P-2 reporting period; this equates to $680. • During our review of student absence notes, we determined that the District claimed absences for apportionment at two of six school sites selected for review, as follows: 1. Woodworth Elementary: The District improperly claimed one day of attendance for a fourth grade student who was shown as absent on the teacher's monthly attendance roster on January 23, 2017, but was marked as present on the District's monthly attendance summary.			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-030: Attendance – Reporting Deficiencies (continued)	As a result, the District overstated attendance by one day, or 0.01 ADA, for grade span 4-6 during the P-2 reporting period. 2. Inglewood High: Of the 20 absence days selected for review, one absence was erroneously claimed by the District for apportionment. As a result, attendance was overstated by one day, or 0.01 ADA, for grade span 9-12 during the P-2 and annual reporting periods. • The District did not properly maintain attendance registers for two of six school sites selected for review. Attendance registers were either unsigned by the teacher or lost. Deficiencies noted for each school site are summarized as follows: 1. Woodworth Elementary: Attendance registers were not signed and dated for one of two teacher registers selected for review. 2. Highland Elementary: The school site did not maintain signed and dated attendance registers for one of three teacher registers selected for review; however, the school site was able to print unsigned copies from the attendance system. • We also noted that three of six school sites (Woodworth Elementary, Crozier Middle, and Inglewood High) selected for review did not have written policies and procedures for recording and reporting attendance.			

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-031: Independent Study-Compliance Requirement Not Met	During our review of the District's short-term independent study program, we noted that the master agreement forms used by the District for independent study did not contain all of the required elements for compliance. Per California Education Code section 51747(b), the District is required to disclose the number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether he or she should return to the regular school program. The District was unable to provide supporting documentation or policies and procedures to show where this information could be found. As a result, all ADA claimed by the District for short-term independent study is disallowable.	10000 30000 40000	We recommend that the District: • Amend its P-2 report of attendance to reflect the total amount of disallowable ADA, and repay the State $42,326; and • Implement controls to ensure that independent study contracts contain all required elements.	Not Implemented. See Finding 2018-014.
Finding 2017-032: Instructional Time-Reporting Deficiencies	During our review of instructional time for each of the District's school sites, we noted that the District did not properly calculate instructional time for one of six school sites selected for review. The District incorrectly included a regular day as a minimum day in its instructional time calculation for City Honors High School. The District calculated six minimum days; however, we reviewed the bell schedule provided by the school site and noted that the school site only offered five minimum days. As result, the District's calculation for annual instructional time was understated by 214 minutes for grade span 9-12. However, the school site met the minimum instructional time requirement for the school year. We also noted that the District does not have written policies and procedures for calculating and reporting instructional time for its school sites.	30000 40000	We recommend that the District: • Develop written policies and procedures for calculating and reporting instructional time, and ensure that each school site complies with the instructional time requirements; and • Implement controls that require the District to review and recalculate the instructional minutes for each school site, to ensure that the calculations are accurate and meet the instructional time requirements.	Not Implemented. See Finding 2018-015.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-033: Ratio of Administrative Employees to Teachers- Calculation Not Prepared	During our review of the state compliance requirements for the ratio of administrative employees to teachers, we noted that the District was unable to provide its ratio calculation for FY 2016-17. Per California Education Code section 41404, the State Superintendent of Public Instruction must determine whether school districts have excess administrative employees; the requirement is for school districts to prepare a calculation each year to show that an allowable ratio of administrative employees to teachers was maintained. Although we made multiple requests of District management for a copy of the District's administrative-employees-to-teachers ratio calculation, the District did not provide the requested information. As a result, we were unable to verify whether the District met the ratio calculation requirement.	30000 40000	We recommend that the District: • Perform the ratio of administrative-employees-to-teachers calculation for each fiscal year; • Maintain all supporting documentation for testing compliance; and • Ensure that the calculation and supporting documentation is readily available upon request.	Partially Implemented. See Finding 2018-016.
Finding 2017-034: Classroom Teacher Salaries- Compliance Requirement Not Met	During our review of classroom teacher salaries, we noted that the District did not meet the required 55 percent minimum for expenditures of salaries for classroom teachers. The District reported classroom expenditures totaling $99,740,548, with $51,527,005, or 51.66 percent, toward its classroom teachers' salaries.		The District should implement controls to ensure that it meets the minimum required percentage for classroom teacher salaries.	Not Implemented. See Finding 2018-017.
Finding 2017-035: Gann Limit- Reporting Deficiencies	During our review of the information reported on the District's Form GANN, we noted that the current year total K-12 ADA reported on Line B1 of the Form GANN does not agree with the ADA reported by the District to the CDE for the P-2 reporting period. The District overstated total P-2 ADA reported on Line B3 of the Form GANN by 102.44 ADA. As a result, the Total Appropriations Subject to the Limit on Form GANN (on Line D12) was overstated by $699,386	30000 40000	We recommend that the District implement controls to ensure that the Gann limit calculation is prepared accurately and supported by adequate documentation.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-036: School Accountability Report Card – Reporting Deficiencies	During our review of the District's School Account-ability Report Card (SARC), we noted the following deficiencies: • The District did not maintain a Facility Inspection Tool (FIT) report to support the FY 2015-16 SARC (issued in 2017) for two of six school sites (Highland Elementary and City Honors High) selected for review. Instead, the District prepared a maintenance and operations inspection report in-lieu of the FIT for the two sites. The two maintenance and operations inspections reports that were provided by the District were inadequate because the reports did not include the following evaluation categories: o Gas leaks o Overall cleanliness o Pest/Vermin Infestation o Sinks/Fountains o Fire Safety o Hazardous Materials o Roofs • The FY 2015-16 SARCs were not uploaded to the District's website in a timely manner, by February 1, 2017. The reports selected for review were uploaded to the website 36 days late. • Three of four FY 2016-17 Williams Quarterly Complaints reports were not prepared in a timely manner as follows: o The second-quarter report was due on January 20, 2017, but was dated June 12, 2017.	30000 40000 72000	We recommend that the District implement controls to ensure that adequate documentation is maintained for SARC and FIT reports, and that SARC and FIT reports are published in a timely manner.	Partially Implemented. See Finding 2018-018.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-036: School Accountability Report Card – Reporting Deficiencies (continued)	o The third-quarter report was due on April 21, 2017, but was dated June 12, 2017. o The fourth-quarter report was due on July 20, 2017, but was dated November 6, 2017.			
Finding 2017-037: After School Education and Safety – Program Deficiencies	While reviewing the District's After School Education and Safety (ASES) program, we noted the following deficiencies: • The District did not properly report attendance to the CDE for students participating in the ASES program. We identified two school sites (Highland Elementary and Crozier Middle) with After School Education and Safety programs for which the attendance reported by the District's attendance records is 4,209 and 11,592 days of attendance, respectively, but the total reported to CDE was 4,217 and 11,581 attendance days, respectively. Attendance was overstated by eight days for Highland Elementary School and understated by 11 days for Crozier Middle School. • The District did not provide documentation to support all of its claimed attendance. For Crozier Middle School, two of five students' attendance logs did not agree with the District's summary ASES attendance report. Specifically, the student time logs did not agree with the District's summary report. Attendance was understated by 16 days because the District did not provide a time log for the two students.	30000 40000	The District should: • Submit revised attendance reporting forms to the CDE for any over-reported students served by the ASES program; • Ensure that attendance is accurately reported and recorded for the ASES program; and • Ensure that all school sites participating in the ASES program are provided with the early release policies.	Partially Implemented. See Finding 2018-019.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-037: After School Education and Safety – Program Deficiencies (continued)	• The District did not comply with its early release policy. We reviewed three student attendance records for early release documentation at Cozier Middle school, and identified two students who consistently left early, and for whom a proper early release form was not on file.			
Finding 2017-038: Unduplicated Local Control Funding Formula Pupil Counts – Reporting Deficiencies	During our review of the District's Unduplicated Local Control Funding Formula (LCFF) Pupil Counts, we noted deficiencies at three of seven school sites selected for review. We noted deficiencies with students who were English Learner (EL)-eligible. Following are summaries of the deficiencies noted for each school site: • Crozier Middle o EL: The District was unable to provide documentation to support EL eligibility for one of two students that we reviewed, who were included in the District's unduplicated pupil count as EL-eligible only. • Inglewood High o EL: The District was unable to provide documentation to support EL eligibility for one of seven students that we reviewed, who were included in the District's unduplicated pupil count as EL-eligible only. • City Honors o EL: The District was unable to provide documentation to support EL eligibility for one of two students that we reviewed, who were included in the District's unduplicated pupil count as EL-eligible only.	30000 40000	We recommend that the District: • Repay the State $14,541; • Implement controls to ensure that contemporaneous supporting documentation is maintained to support all students reported for the unduplicated pupil counts; and • Implement policies and procedures to ensure that the CALPADS is updated with changes in students' FRPM and EL designations.	Not Implemented. See Finding 2018-020.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-038: Unduplicated Local Control Funding Formula Pupil Counts – Reporting Deficiencies (continued)	We also found an internal control issue related to students claimed as eligible for both Free and Reduced Price Meals (FRPM) and EL. Although 60 students had at least one eligibility, documentation to support the other eligibility was missing for 14 students (or 23 percent). This represents a systemic issue that could lead to misreported unduplicated pupil counts.			
Finding 2017-039: Local Control and Accountability Plan – Reporting Deficiencies	During our review of the District's compliance with Local Control and Accountability Plan (LCAP) requirements, we noted that the District did not provide supporting documentation necessary for us to determine whether the District's LCAP expenditures were consistent with the actions or services identified in its LCAP.	30000 40000 62000	We recommend that the District implement controls to ensure that supporting documentation related to the LCAP is properly maintained; and	Not Implemented. See Finding 2018-021.
Finding 2017-040: Charter School Attendance Reporting Deficiencies	During our review of Charter School ADA totals reported by the District, we noted the following deficiencies: • The District overstated attendance by 72 days during the P-2 reporting period and 116 days during the annual reporting period due to a clerical error. We identified a sixth grade student who was double counted in the attendance accounting system for six of 11 months during the school year. The student was recorded in the monthly attendance report as both an elementary school student in Program S SDC and as a middle school student in Program N. As a result, attendance was overstated by 0.52 ADA during the P-2 reporting period and 0.64 ADA during the annual reporting period for grade span 7-8.	10000 30000 40000	We recommend that the District: • Develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded accurately for all school sites, and reported accurately the district office and to the CDE; and • Implement controls to ensure that independent-study contracts contain all required elements.	Not Implemented. See Finding 2018-022.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-040: Charter School Attendance Reporting Deficiencies (continued)	• The District claimed an absence for apportionment at La Tijera Charter School. Of the 10 absence days selected for review, one absence was erroneously claimed by the District for apportionment. As a result, attendance was overstated by one day, or 0.01 ADA, for grade span 7-8 during the P-2 and annual reporting periods. • La Tijera's Independent Study master agreements did not contain the required elements. California Education Code section 51747 requires a statement which discloses the number of missed assignments that will be allowed before an evaluation is conducted to determine whether it is in the best interests of the pupil to remain in independent study, or whether the pupil should return to the regular school program. As a result, all short-term independent study ADA is disallowable, as follows: o P-2: 0.10 ADA for grades TK-3; and 0.25 ADA for grades 7-8. o Annual: 0.07 ADA for grades TK-3; and 0.32 ADA for grades 7-8. Note: No ADA was reported for independent study grade span 4-6.			
Finding 2017-041: Charter School – Instructional Time Reporting Deficiencies	During our review of instructional time at the charter school, we noted that the District miscalculated the length of the lunch period and subtracted an incorrect amount from total instructional time for grade span 7-8. Based on the bell schedule and instructional time calculations we obtained from the school site, the District subtracted 45 minutes instead of 30 minutes for the lunch period.	30000 40000	We recommend that the District: • Develop written policies and procedures for calculating and reporting instructional time, and ensure that each school site complies with the instructional time requirements; and	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-041: Charter School – Instructional Time Reporting Deficiencies (continued)	As result, the District's calculation for annual instructional time was understated by 2,700 minutes for grade span 7-8. However, the school site met the minimum instructional time requirement for the school year. We also noted that the District does not have written policies and procedures for calculating and reporting instructional time for its school sites.		• Implement controls that require the District to review and recalculate the instructional minutes for each school site, to ensure that the calculations are accurate and meet the instructional time requirements.	

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Inglewood Unified School District (the "District") in connection with the issuance of the District's Election of 2012 General Obligation Bonds, Series C (collectively, the "Bonds"). The Bonds are being issued pursuant to resolutions of the State Administrator of the District adopted on August 7, 2019 and September 11, 2019, and by the Board of Supervisors of Los Angeles County on October 1, 2019 (collectively, the "Resolutions"). The District covenants and agrees as follows:

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

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Isom Advisors, a Division of Urban Futures Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

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

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

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Average daily attendance of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(E) Total assessed valuation of taxable property within the District, for the current fiscal year; and

(F) Secured tax charges and delinquencies for *ad valorem* property tax levies for the District's outstanding bonded indebtedness, for the most recently completed fiscal year.

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

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed

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

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

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

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

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

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

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

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

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

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 29, 2019

INGLEWOOD UNIFIED SCHOOL DISTRICT

By ______________________________

Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: INGLEWOOD UNIFIED SCHOOL DISTRICT

Name of Bond Issue: Election of 2012 General Obligation Bonds, Series C

Date of Issuance: October 29, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated: ________________________

INGLEWOOD UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF INGLEWOOD AND THE COUNTY OF LOS ANGELES

The following information regarding economic activity within the Los Angeles County (the "County") and the City of Inglewood (the "City") in which the District is located is provided as background information only, to describe the general economic health of the region. The Bonds are not a debt or obligation of either the City or the County.

General

Los Angeles County. With 4,061 square miles, the County borders 70 miles of coast on the Pacific Ocean. The County is bordered on the east and the south by Orange and San Bernardino Counties, on the north by Kern County and on the west by Ventura County and the Pacific Ocean. The topography of the County encompasses mountain ranges, deep valleys, forests, islands, lakes, rivers and desert. In between the large desert portions of the County, which make up around 40% of its land area, and the heavily urbanized central and southern portions sit the San Gabriel Mountains containing Angeles National Forest. The County is home to 88 incorporated cities and many unincorporated areas, along with two offshore islands. It is the most populous county in the United States.

The County was incorporated on February 18, 1850 and is one of the original counties of the State of California. The County seat is Los Angeles, which is the largest city in the State. The County is governed by a five-member Board of Supervisors, each of whom is elected by the voters, along with an Assessor, District Attorney and Sheriff. Each Supervisor represents over two million people.

***City of Inglewood*.** The City is located in the South Bay region of Los Angeles County (the "County"). The City was incorporated in 1908. The city has a total area of 9.1 square miles and consists of ten neighborhoods. The neighborhoods are the following areas: Morningside Park, Downtown Inglewood, Fairview Heights, Arbor Village, Centinela Heights, Sports Village, Century Heights, Inglewood Knolls, La Tijera Village, and Lockhaven.

The Los Angeles International Airport is directly accessible by Century Boulevard – one of the City's busiest commercial corridors. Proximity to the airport, the Los Angeles and Long Beach Harbors, and four major freeways facilitate both domestic and international trade.

The 70,000 seat Los Angeles Sports and Entertainment District at Hollywood Park is currently under construction and is expected to open in the City in 2020.

Population

The following table summarizes population estimates for the City, County and State of California from 2010 through 2019.

POPULATION ESTIMATES
2010 through 2019
City of Inglewood, Los Angeles County and State of California

Year[(1)]	City of Inglewood	County of Los Angeles	State of California
2010[(2)]	109,673	9,818,605	37,253,956
2011	110,473	9,885,948	37,594,781
2012	112,044	9,972,649	37,971,427
2013	112,505	10,040,960	38,321,459
2014	112,894	10,098,952	38,622,301
2015	113,177	10,155,753	38,952,462
2016	113,033	10,185,851	39,214,803
2017	112,927	10,226,920	39,504,609
2018	112,759	10,254,658	39,740,508
2019	112,549	10,253,716	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2011-19 (2010 Census Benchmark): California Department of Finance for January 1.

Personal Income

The following table shows per capita personal income for the County, State of California and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2008	$43,431	$43,895	$40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables show the principal employers in the County by number of employees.

PRINCIPAL EMPLOYERS
2017
County of Los Angeles

Employer	Industry	Employees
Los Angeles County	Government	108,995
Los Angeles Unified School District	Education	60,015
University of California, Los Angeles	Education	47,596
U.S. Government- Federal Executive Board	Government	47,000
Kaiser Permanente	Non-profit health plan	36,468
City of Los Angeles	Government	32,987
State of California	Government	28,700
University of Southern California	Private university	20,163
Northrop Grumman Corp.	Defense contractor	16,600
Providence Health & Services So. California	Health care	15,255
Target Corp.	Retailer	15,000
Ralphs/Food 4 Less (Kroger Co. division)	Retail grocer	14,970
Walt Disney Co.	Entertainment	13,000
Albertsons/Vons/Pavilions	Retail grocer	13,000
Bank of America Corp.	Banking and financial services	12,500
Cedars-Sinai Medical Center	Medical center	12,242
NBC Universal	Entertainment	12,000
AT&T Inc.	Telecommunications	11,500
Home Depot	Home improvement specialty retailer	11,200
Los Angeles County MTA	Transportation	10,433
UPS	Transportation and freight	10,131
Los Angeles Department of Water & Power	Energy	9,438
Wells Fargo	Diversified financial services	9,001
Boeing Co.	Aerospace and defense systems	9,000
California Institute of Technology	Private university	8,702
Allied Universal	Electronic security systems	8,384
ABM Industries Inc.	Facility services, commercial cleaning	8,000
Los Angeles Community College District	Education	7,084
FedEx Corp.	Shipping and logistics	7,000
Long Beach Unified School District	Education	6,607
California State University, Northridge	Education	6,540
Dignity Health	Health care	6,274
Costco	Retailer	6,000
Amgen Inc.	Biotechnology	5,616
SoCal Gas	Natural Gas Utility	5,600
Raytheon	Aerospace and defense	5,500

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 28, 2017.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years for the City, County, State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018(1)
City of Inglewood, Los Angeles County, the State of California, and the United States

Year and Area	Labor Force	Employment(2)	Unemployment(3)	Unemployment Rate (%)
2014				
City of Inglewood	53,700	47,900	5,800	5.6
Los Angeles County	4,992,600	4,580,300	412,300	8.3
California	18,714,700	17,310,900	1,403,800	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Inglewood	53,000	48,400	4,600	8.7
Los Angeles County	4,989,800	4,659,700	330,100	6.6
California	18,851,100	17,681,800	1,169,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Inglewood	52,500	49,300	3,200	6.2
Los Angeles County	5,041,400	4,776,700	264,800	5.3
California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Inglewood	52,800	49,900	2,900	5.5
Los Angeles County	5,096,500	4,853,800	242,700	4.8
California	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Inglewood	53,300	50,400	3,000	5.6
Los Angeles County	5,136,300	4,896,500	239,800	4.7
California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The City is included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Los Angeles-Long Beach-Glendale MD

Category	2014	2015	2016	2017	2018
Total Farm	5,200	5,000	5,300	5,700	4,800
Total Nonfarm	4,192,600	4,285,800	4,394,600	4,448,300	4,510,100
Total Private	3,636,500	3,717,300	3,817,900	3,862,200	3,920,500
Goods Producing	493,100	497,300	497,100	490,300	491,600
Natural Resources and Mining	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	373,700
Durable Goods	208,800	208,200	203,400	202,100	202,900
Nondurable Goods	162,700	160,000	157,400	147,700	140,800
Service Providing	3,699,500	3,788,500	3,897,400	3,958,000	4,018,500
Private Service Providing	3,143,300	3,222,000	3,320,800	3,371,900	3,428,900
Trade, Transportation and Utilities	804,500	822,200	835,600	545,700	850,900
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Transportation, Warehousing and Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial Activities	211,200	215,600	219,800	221,600	223,000
Professional and Business Services	589,100	591,000	600,100	608,800	620,000
Educational and Health Services	725,000	745,900	772,700	800,600	823,600
Leisure and Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Government	556,200	568,500	576,700	586,100	589,600
Total, All Industries	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles County (Los Angeles-Long Beach-Glendale MD) Annual Average Labor Force and Industry Employment, March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sale date for the City and the County for years 2013 through 2017 are shown in the following tables.

TAXABLE SALES
2013 through 2017
City of Inglewood
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	1,391	$869,790	1,866	$1,119,247
2014	1,495	905,446	1,951	1,177,696
2015	1,710	892,124	2,392	1,169,395
2016	1,738	907,531	2,443	1,196,470
2017	--	932,622	--	1,330,572

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

TAXABLE SALES
2013 through 2017
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015	196,830	108,147,021	310,063	151,033,781
2016	196,929	109,997,043	311,295	154,208,333
2017	--	113,280,347	--	159,259,356

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2014 through 2018 in the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Inglewood
(Dollars in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Residential	$9,715	$11,830	$16,893	$17,349	$30,281
Non-Residential	18,006	59,852	46,415	35,598	927,277
Total	$27,721	$71,682	$63,308	$52,947	$957,588
Units					
Single Family	1	4	4	6	8
Multiple Family	2	2	24	40	18
Total	3	6	28	46	26

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Los Angeles County
(Dollars in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Residential	$5,509,418	$6,383,036	$6,575,607	$7,368,352	$7,441,001
Non-Residential	6,657,571	5,645,372	5,287,623	6,037,503	6,694,097
Total	$12,166,989	$12,028,408	$11,863,230	$13,405,855	$14,135,098
Units					
Single Family	4,358	4,487	4,780	5,456	6,070
Multiple Family	14,349	18,405	15,589	17,023	17,152
Total	18,707	22,892	20,369	22,479	23,222

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not 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 vario us investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at https://ttc.lacounty.gov/monthly-reports/, *however, the information presented on such website is not incorporated herein by any reference.*

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

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 August 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:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$10.353
Schools and Community Colleges	14.523
Discretionary Participants	2.709
Total	$27.585

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	90.17%
Discretionary Participants:	
Independent Public Agencies	9.34%
County Bond Proceeds and Repayment Funds	0.49%
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 developed by the Treasurer and adopted by the Los Angeles County 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 September 30, 2019, the August 31, 2019, book value of the Treasury Pool was approximately $27.585 billion and the corresponding market value was approximately $27.595 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 (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 August 31, 2019:

Type of Investment	**% of Pool**
Certificates of Deposit	6.71
U.S. Government and Agency Obligations	66.53
Bankers Acceptances	0.00
Commercial Paper	26.21
Municipal Obligations	0.18
Corporate Notes & Deposit Notes	0.37
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of August 31, 2019, approximately 35% of the investments mature within 60 days, with an average of 552 days to maturity for the entire portfolio.

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

BAM

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer